

## chapter six

# No Blood For Oil!

## The Political Economy of the War on Iraq

After Saturday's gigantic world-wide show of popular will, the anti-war movement can claim to have put a new player in the field beside the miserable protagonists of the Iraq/US war: Bush and Hussein. This figure is the refuser of a war with a banner on which is written: "No Blood for Oil." Who is this person? What does the banner mean? What will we do on the basis of it?

In this discussion I want to make some elementary reflections on this slogan and see what future the protester is pointing to. I will do this by reading the slogan on four different levels, each more general than the previous one.

### Level 1. No Blood for Oil, literally

We should not be reductive nor jump to conclusions, but there is plenty of evidence to show that the Bush Administration is planning war as a way to plunder the oil fields of Iraq.

It is widely known that Iraq's presently known oil reserve of more than a 100 billion barrels is the second largest on the planet and that "the undiscovered oil in the Middle East [including Iraq] is very likely the largest untapped supply in the world." As a retired petroleum geologist unequivocally answered when asked about whether Iraq or Iran had more untapped oil: "[I]t's Iraq. We plugged and abandoned any well that wouldn't make 5,000 barrels a day. Threw 'em back in the water." Iraq's oil reserve is worth potentially more than three trillion dollars at current prices. Moreover, Iraqi oil is very inexpensive to produce and is one of the world's "sweetest," i.e., it produces fewer pollutants on combustion.

At the moment however, even though the US government and corporations import 2.3% of their total oil from Iraq, US based oil companies cannot directly profit from oil production there. In fact, the Saddam Hussein regime has made a number of important agreements with French, Russian and Chinese oil firms assuring them of very attractive deals in oil production once the sanctions are ended. The British and US firms, however, have been given clear notice that they will not be welcome in a post-sanctions era, *if* Saddam Hussein and/or the Ba'ath Party remain in power.

Therefore, the only way for the US (and British) oil companies to gain profitable direct access to Iraqi oil is through a war that would violently and irrevocably end the Hussein/Ba'ath Party rule and bring in a new government that could cancel the deals with the French, Russian and Chinese companies. That is why the first objective of the US military is to secure the oil fields in an invasion of Iraq. Further, the US government assumes that its troops will occupy the country for many years and will have a general as a military governor, in the style of Douglas MacArthur in post-WWII Japan. This governor will be paying for the occupation with the sales of Iraqi oil.

Anyone familiar with the oil industry-connected backgrounds of key figures in the Bush Administration, starting with George Bush himself, should not be surprised by this plan of plunder that the "No War for Oil" slogan reveals and protests. The US oil corporations (including Halliburton, VP Cheney's former company) would definitely find the opportunities of "rebuilding" the Iraqi oil industry destroyed by US bombs and/or Hussein's "scorched oil" tactics a bonanza.

Such a blatant plan of theft and plunder can only be accomplished by military means. The consequences for the Iraqi people will be devastating, even if the invasion is relatively swift. For the subsequent struggles among Iraqis and against the US occupiers will be bloody indeed.

The slogan "No Blood for Oil" on this level rejects the obvious gangster behavior the Bush Administration (and the Blair echo) with brevity and justice. S/he who affirms it wants to stop this act of brigandage pure and simple and treats Bush's and Blair's "high-minded" (and poorly crafted) rationalizations for invasion as crude, shameful parodies of justice. Surely, s/he will brand any oil company that profits from such an adventure a criminal and boycott its tainted products.

## Level 2: No Blood for Privatization of Oil Resources

Though plunder is definitely part of the Bush Administration's plan there are other more global issues suggested by the slogan. For the US has been the leader in imposing neoliberal/globalization policies around the planet. Thousands of nationalized companies and agencies have been privatized due to structural adjustment programs imposed by the World Bank and IMF while many forms of "restraints to trade" (including "price fixing" cartels) have been abolished by the international trade agreements now coordinated by the WTO. The US government, not surprisingly, is the dominant partner in the World Bank, the IMF and the WTO.

One commodity after another has been "neoliberalized," but oil has escaped this fate. Most of the nationalizations of oil companies took place between 1969 and 1973, but it has been almost impossible for these companies to be privatized, even though the national telecoms and airlines were put on the auction block in many of these same countries (e.g., Nigeria).

Similarly, though there has been an attempt to destroy international price fixing cartels in most commodities via treaties like the one that created the WTO, oil and OPEC has been exempted from the rules of the neoliberal global regime. This is unusual since oil is the commodity that is both most basic (i.e., being involved in the production of most other commodities) and the most traded (i.e., the highest value of international sales) while OPEC is the most blatant price fixing cartel in the world.

This exemption of oil and OPEC from neoliberal standards has been at the heart of the Republican Party critique of the Clinton's energy policies. Thus in the waning days of the Clinton era, there was a Congressional Hearing on "OPEC's Policies: A Threat to the U.S. Economy" chaired by Benjamin Gilman (R-NY) who charged that Clinton remained "remarkably passive in the face of OPEC's continued assault on our free market system and our antitrust norms."

With the Bush Administration's rise to power, OPEC is increasingly seen as a hostile entity—especially after 9/11—which must be subverted and either replaced or abolished.

This hostility is intensified by realizing who are the main political figures in OPEC now (aside from Iraq's Ba'ath regime): in Iran there are the desperate Islamic clerics, in Saudi Arabia there is a ruling class that is divided between globalization and Islamic fundamentalism, in Venezuela there is the populist government of Chavez, in Ecuador there is a government that was nearly seized in a rebellion by the indigenous, in Libya

there is Ghaddafi (need more be said?), in Algeria there is a government that just narrowly repressed (and collaborated with) an Islamicist revolutionary movement, in Nigeria and Indonesia there are “democratic” governments with questionable legitimacy that could collapse at any moment. There is simply too much class struggle in an area of high tech production (oil production) that these leaders and governments were not able to control.

This list of OPEC leaders constitutes a “rogues” gallery from the point of view of the thousands of capitalists who send a tremendous portion of “their” surplus to OPEC governments via their purchases of oil and gas. With such a composition, OPEC is hardly an institution to energize a neoliberal world.

Of course, OPEC was not always a political or economic problem. In the 1960s and in the early 1970s OPEC was a relatively pliable organization while nationalization and monopolistic pricing were still acceptable elements of the Keynesian political economy of the day. Iran was under the Shah, the Ba’athists had just lost their Nasserite zeal, Ghaddafi’s fate was still undeveloped, Venezuela was a tame neo-colony, Indonesia was under the communist-killer Suharto, Nigeria was under the control of General Gowon, and the Saudi Arabian monarchy’s Islamic fundamentalism was considered a quaint facade under which the movement of billions of “petro-dollars” could be recycled back into the U.S.-European economies.

But that was then and this is now. From the Bush Administration’s viewpoint OPEC needs to be either destroyed or transformed in order to lay the foundation of a neoliberal world that would be able to truly control of energy resources of the planet. The Bush administration is putting as much pressure as possible on OPEC’s members. In April of 2002 there was a U.S.-supported *coup d’etat* in Venezuela against the Chavez government, the leading price hawk in OPEC. It failed. In August 2002 it was Saudi Arabia’s turn. The RAND corporation issued a report claiming that the Saudi Arabian monarchy was the “real enemy” in the Middle East and should be threatened with invasion if it did not stop supporting anti-U.S. and anti-Israeli groups. But that verbal threat was nullified by the Bush Administration in the controversy that followed.

All in all, the Iraqi government is clearly the weak link in OPEC. It lost two wars it instigated. It is legally in thrall to a harsh reparations regime, it cannot control its own air space, and it cannot even import freely but must have UN accountants approve of every item it wants to buy on the open market. Ideologically and economically it is prostrate.

A US-sponsored Iraqi government committed to neoliberal policies would definitely be in a position to undermine OPEC from within or, if it departs, from without.

Such a transformation would make it possible to begin a massive investment in the energy industry that might be an alternative to the spectacular failure of the high-tech sector that has dissolved hundreds of billions of dollars.

## Theoretical Interlude

We should realize that oil is not just like any other commodity for a number of reasons. First, it is a basic commodity. Its price changes affect the prices of almost all other commodities and hence average wages and profits. Also, its production process has a high organic composition, i.e., it involves large amount of machines and equipment and relatively little direct labor. Finally, it has a rent component in its cost. All of these elements together make of oil a special commodity from the point of view of political economy and for our movement. Let us review them.

### Basic commodity

Surely, any group which can make decisions to change the price of oil can influence the rest of the capitalist system in a way similar to the way that those who decide on interest rates can. They ultimately have a power much more general and diffused than it immediately appears. The many economic models since 1973 that have shown how whole economies have been “put into recession” because of oil price hikes (whatever one makes of their scientific value) express this connection. The fact that NY, Washington and London looks at the composition of the OPEC leaders and sees Islamic terrorists and nationalist revolutionaries clearly shows how the economic character of the commodity implies political consequences.

### Transferred value

Most commodities do not sell at their values, otherwise highly demanded commodities like oil would not be produced, since their almost labor-less production would not generate enough surplus value directly. Consequently, some value from branches of production with lower organic composition (e.g., textiles) must be transferred through the market and competition into the higher organically composed branches like the oil industry. This means that oil is a commodity that is the object of the collective interest of the capitalists around the planet. Any attempt to run such an

industry that would be detrimental to the general capitalist interest will face opposition from a vast assembly of individual capitalists around the world. (As Kissinger said in the early 1970s: "Oil is too important to leave it to the Arabs.") Thus there is a tendency for these enterprises to be closely monitored (and regulated) within nation states and, more irregularly, internationally. All this to simply say that it is not only the US oil companies that are vitally interested in the fate of the oil reserves of Iraq, there are behind them many other corporations whose profits will depend upon that fate as well.

Indeed, there is such a collective (almost communal) capitalist concern for such industries that they can easily be the object of political action. Sometimes this action can be peaceful. The oil industry in the US is a good example (it was the initial target of the "anti-trust" movement) as is the software industry (see the Microsoft case). But sometimes this action can be violent and prompt war (from the British attack on the Ottoman Empire in WWI to the Gulf War in 1991.)

## Rent

Rent is one of the categories of political economy that is clearly relevant to the oil industry. There is a differential rent that goes to the owners of the oil fields due to the fact that not all underground oil is the same. Some is "sweet," some is not; some is deep, some is not; some is on land, some is not; some requires a lot of technology to find, some does not. Clearly, if the price of oil is the roughly the same, then the owner of the territory where the oil has positive characteristics can charge rent (and expect to be paid it). Indeed, there is probably some "Absolute Rent" in the rental costs of oil that is paid simply as tribute to the regime of private property even when a company is producing in the worst oil areas. All this rental value comes from the transferred value discussed above. Again, there is a collective capitalist interest in its part of the cost of oil.

Indeed, there has been a capitalist critique of "rent-seeking" throughout the history of political economy. Rent is the epitome of unproductive income, presumably. This critique still goes on today in the text books and among the ideologues of Keynesianism and neoliberalism. However, for all the critique of the rentier, rent still is a decisive form of income in capitalist society, as any New Yorker will attest to! But the productivist ideology that has its roots in Locke's defense of English colonialism in the late seventeenth century is always waiting on the horizon to be brought in to justify attacks on the rights of the rentier. If the rentier, though his/her right of exclusion,

disrupts the productive development of a profitable industry, then there is a right of the “more productive” to lay claim to the right of exclusion. Therefore, war is always on the wings of all rental claims.

Given the exceptional political economic character of the oil commodity, it is not surprising that this gift of hundreds of millions of years of the meeting of organic life and the heat of the earth’s core should generate so much violence in a capitalist world. The protester’s sign now is saying: no blood should be spilt to preserve the energy system envisioned by Bush and Co. It must be scrapped before we are all bloodied for oil. Some new way of distributing the earthly commons must be devised, the present and future pricing/profit system that will lead to one war after another cannot be allowed to continue.

### Level 3: No Blood for Neoliberalism

One of the main diplomatic failures of the Bush Administration has been to give the impression that this new “world domination” strategy is a product of a spontaneous Nietzschean will to power. Similarly, their claim that the urgency of the Iraq invasion and take-over is due to some imminent threat to national security posed by Hussein’s weapons of mass destruction has been rejected even by many of their most loyal defenders. There is an emergency the Bush Administration is responding to, but it is not a military one ... it is political-economic one.

The neoliberal system of capitalist accumulation (what we in the US call “globalization”) that replaced the Keynesian one in the late 1970s has been in deep crisis since 1997 and the Bush Administration must respond to this crisis or it too will be thrown out by its masters, (if not by its subjects!) I need not inform you of the story that now conventionally begins in Thailand in July 1997 with the collapse of the “bhat.” This was not the first financial crisis of the neoliberal model (there was the Mexican crisis of 1995 we should remember), but the Thai crisis began a series of events that have led to today’s situation. Nor need I trace this series for you through the dramatic collapse of the stock market bubbles throughout the planet leading to destruction of trillions of dollars of values (paper though they were), the stagnation in Europe and Japan, and even the decline of profitability in US capitalism. This constitutes the first major crisis of neoliberalism.

The Bush Administration’s answer to this crisis is war. How can this be? What does war have to do with this political-economic crisis? Of course, there are many past reasons for such a correlation and they are not to be slighted. For example, war is a

classic device of ideological and juridical control of a population dissatisfied with an unrelenting economic crisis (after all, Chief Justice Rehnquist has recently reminded us that “In War the Laws are Silent”). As another example there is “war Keynesianism,” i.e., the use of war expenditures to stimulate demand for capital and consumer goods in order to jolt the system out of a far-from-full-employment equilibrium. These could be reasons for the Bush Administration’s answer to the crisis, but they do not deal with the fact that the crisis of neoliberalism is global and that the US government is now “responsible” for the survival of neoliberalism/globalization as a whole.

The main problem with neoliberal/globalization is that, for it to “work,” the system must be global and the participant nations and corporations must follow the rules of trade even when they are going against their immediate self-interest. In a time of crisis, however, there is a great temptation for many participants to drop out of or bend the rules of the game, especially if they perceive themselves to be chronic losers. What country is going to keep the recalcitrants (both old—those who refused to be part of the game—and new—those who dropped out) from proliferating? Up until the post 1997 crisis most of the heavy work of control was done by the IMF and World Bank through the power of money, but since then it is becoming clear that there are countries that will not be controlled by structural adjustment programs.

The most obvious case is Argentina, but there are other, quieter dropouts in Africa and South America. The most illustrious recalcitrants are the Bush-baptized “axis of evil” nations, Iraq (one of the last of the national socialist states), Iran (one of the last fundamentalist states after the demise of the Taliban) and North Korea (one of the last of the communist states), but there are many other Islamic, national socialist and communist governments that have not transformed their economies into neoliberal form. This list will undoubtedly grow unless there is a check, in the form of a world police officer that will increase the costs of an exit.

There needs to be for the neoliberalism of today the equivalent of the role Britain played for the liberal capitalist system of the 19th century in order for it to function properly. Clinton and his colleagues believed that the UN could eventually be used by the US government as such a force. The Bush Administration disagrees. According to Bush, the US will have to act in its own name to enforce the rules of the neoliberal order (even though many of its adherents are unwilling to do so) and that action must at times be military. In the end, it is only with the construction of a terrifying Leviathan that the crisis of neoliberalism will be overcome and regime of free trade and total commodification will finally be established for its Millennium.

The invasion of Iraq (the “oil” of the slogan) is a step in this construction process that is seen by Bush and Co. as a sacrifice of US human and capital resources for the greater capitalist good. The internal debate in the UN is part of a complex negotiation process that ultimately is meant to determine the conditions of US interventions, not their elimination. That is why the protester’s sign does not say, “No Blood for Oil ... unless the UN says so!”

The Bush project might be possible, if there promised to be but a few recalcitrants to and migrants from the neoliberal order. However, if the antiglobalization movement is right, this is not likely. For neoliberalism does not seem to be able to deliver on the “sustained growth” that rises all ships even in its halcyon days. On the contrary, it does not even raise the 20% of the “ships” it had claimed to do in its inception. This means that many ruling classes and even more working classes around the planet are going shopping at Porto Alegre to look for another system.

There will be neoliberal wars aplenty in the years to come if the US wishes to play the British Empire of the 21st century. For what started out in the 19th century as a tragedy, will be repeated, not as farce, but as catastrophe in the 21st. Thus the slogan, “No Blood for Oil,” is a rejection of the series of wars that are being planned by the Bush Administration for the years ahead, aimed at terrorizing the recalcitrants of the neoliberal order into cooperation.

#### Level 4: No Blood for Profit, Period

The protester’s sign’s slogan has been interpreted on three different levels so far: first, as a refusal to spill blood for the plunder of Iraq’s oil resources; second, as a refusal to spill blood in order to impose privatization and “free market” practices on the oil industry internationally; third, as a refusal to spill blood to preserve the rules of the neoliberal global regime. On the final level, I want to think about “No Blood for Oil” as a revolutionary slogan similar perhaps to the “Land, Peace and Bread” of the Russian Revolution, i.e., a concrete demand that at first sight seems quite moderate and practical, but, due to the context, it becomes revolutionary. After all, having “revolution” on one’s banners does not make them revolutionary!

The slogan is neither anticapitalist nor against war *per se*. It commits one to be against a war for oil, but not necessarily against war for other things. Nor is it absolutely anticapitalist, for the sign is conditional. It seems to be saying, I reject the spilling of blood in order to continue with the commodification of and profit making from “oil” (or indeed any other vital stuff). Human blood is beyond the worth of any

commodity and a system that can only run on this higher exchange is a corrupt and obnoxious Molloch. The slogan seems to be offering an alternative, if “oil” can be commodified and sold at a profit without the expenditure of blood, then let it continue. A tame, non-aggressive capitalism is apparently an acceptable one. The slogan seems to be challenging the “world leaders” at the UN to come up with such a capitalism. Some indeed are trying, as some non-Bolsheviks tried to implement the demands of “Land, Peace and Bread,” but failed.

Capitalism in any of its forms—neoliberal, Keynesian, liberal or mercantile—cannot meet the challenge of the slogan. It must produce war and blood, since it cannot satisfy the minimal demands of the human race as a whole, much less its terrestrial environment. We have five hundred years of experience to support that claim. Consequently, since the condition can not be satisfied, the slogan’s advocates will not part with their own or others’ blood to preserve it, period.

Indeed, if we combine the slogans of the antiglobalization movement—“Another World is Possible”—with that of the antiwar movement—“No Blood for Oil”—the political arithmetic gives us, “Another World is Necessary.” We must reason with this arithmetic and commit to in the coming days, weeks, months and years to be sure that the invasion of Iraq, if it comes, does not demoralize us, but merely confirms the logic of our path.