

chapter nine

Untying the Gordian Knot

Causes and Consequences of the US/UK Invasion and Occupation of Iraq

Methodological Preliminaries: Neither Empire Nor Scarcity

The first thing Alexander the Great did once he crossed over into Asia Minor was to visit Achilles' grave in the fields before Troy. Immediately after he went to Phrygia and confronted the Gordian knot. It was a complex, involuted knot, and legend has it that the one who would untie the knot would be the conqueror of Asia. After fiddling with the knot, Alexander unsheathed his sword and cut the knot with one blow. Many Phrygians, however, questioned this action and many others still wonder whether he conquered Asia or Asia conquered him. A similar question can be posed today: whether the US/UK invasion and occupation of Iraq has cut the contemporary Gordian Knot for neoliberal capitalism?

After the unprecedented international effort to stop the US/UK invasion and occupation of Iraq failed, there has inevitably been a period of reflection. What went wrong? Why, in the face of this explosion of a planetary mass movement against the invasion throughout the world, as well as the troubling conflict in organizations like NATO and the UN Security Council, did the US and the UK governments decide to proceed with the invasion? Clearly there were deep issues at stake that transcended the immediate political interests of the Bush Administration (whether it be the 2004 elections, the Israeli pressure, the oil corporation lobby). What were they and how can we know them? These questions form a Gordian knot of our own. In this talk I will try to untie it.

The first thing to do in this project is to question a number of ways of characterizing the causes and consequences of the invasion and occupation. And here I am thinking of terms like “geopolitical restructuring,” “world domination,” and “empire,” on the one side, and, on the other, “battle for resources,” “oil scarcity,” etc. Unless we deal with the determining categories of our present period, we will operate on a level where we neither understand what events are taking place nor will we be able to talk with others who are beguiled by these categories. For, after all, there are many in the US who might think there is an “imperial deal” in the offing, especially if it is backed up by the threat that the automotive society will be immediately terminated with prejudice unless a path of “endless war” is followed. Could these not so secret sentiments be behind the “apathy” we have noted in the US working class in response to the actual invasion?

There has been a marked increase in the last few years in the use of the terminology of “empire,” “world conquest,” “world hegemony,” or even more neutrally, a “unipolar world,” a “single superpower,” etc. when describing the behavior of the US government’s foreign policy and military strategy. This return to the terminology resplendent with Roman togas and legions of gleaming helmets is not new; of course, it was the basis of Marx’s opening remarks in the *Eighteenth Brumaire*. But such imagery no longer evokes tragedy or farce, only confusion. It is all well and good to talk about a new 21st century “world empire” in Wagnerian notes, but we must remember that Rome was an empire based on tribute. It was not premised on capitalist accumulation, as is the present system. This makes a difference that should be confronted, not swept into portentous sound bites.

It is true that in the last few years, the US government has projected a pre-emptive policy that would keep it militarily dominant throughout the world for the decades to come. This goal is neither simply a Hobbesian response to a world with increasingly scarce resources, as Michael Klare argues, nor is this project an inevitable expression of a centerless, limitless, timeless form of social domination called “empire,” as Hardt and Negri would have it. I argue instead that the capitalist class in the US is interested in preserving capitalism worldwide and the US military has been and is going to be its vehicle, not the other way around. No more nor less.

It is true that Hardt and Negri developed their themes during the Clinton period when there was an interest in developing a range of institutional forms that would perform the military and political functions of a global state (with the US as its secret decision maker). Their book, *Empire*, reflected that peculiar period. It was unfortunate

that it was published at the moment when the Clinton strategy was about to be overturned. Powerful forces in the US concluded that if the US military was to take on the role of the world market's "enforcer" of last resort, in the way that the IMF and World Bank are lenders of last resort, it would not be under the control of an international body. Clinton's conception of the US playing the role of the "more equal among equals" was abandoned in 2000 (after the failed impeachment effort and the Florida-Supreme Court election coup). The anti-multilateral logic of the Bush approach subsequently triumphed as can be seen clearly in the Afghan and Iraq invasions. So Hardt and Negri's empire has collapsed back into a more familiar totalitarianism, the capitalist system.

The second characterization of this period's war projects a contrary image. It is based on the theme of resource scarcity, i.e., there is a limited amount of a vital stuff—water or petroleum—and the demand for it is rapidly outstripping supply. Such a situation will inevitably result in "resource wars." As Michael Klare defines it:

...resource wars [are] conflicts that revolve, to a significant degree, over the pursuit or possession of critical materials. Human history has been marked by a long succession of resource wars—stretching all the way back to the earliest agrarian civilizations. After World War II, the relentless pursuit of resources was overshadowed by the political exigencies of the US-Soviet rivalry; but it has resurfaced with fresh intensity in the current era. Given the growing importance ascribed to economic vigor in the security policy of states, the rising worldwide demand for resources, the likelihood of significant shortages, and the existence of numerous ownership disputes, the incidence of conflict over vital materials is sure to grow (Klare 2001: 25)

But is this a reasonable image of war in the contemporary capitalist era? If there is a "vital" resource in country X, then it will surely be commodified. The key questions are: what is its price and how is the surplus value realized on selling the commodity to be distributed? Why should scarcity of a particular resource be what sets off a sort of Malthusian war among states struggling to survive? Isn't this the famous zero-sum game that sets the stage for the *raison d'être* of capitalism, viz., to create alternative or intensified production that would evade the consequences of scarcity?

Moreover, the image Klare presents of future wars is of a set of thirsty Hobbesian agents struggling over a square cubic meter of water or petroleum:

However divided two states or societies may be over matters of politics or religion, the likelihood of their engaging in mutual combat becomes

considerably greater when one side believes that its essential supply of water, food, or energy is threaten by the other (Klare 2001: 26).

Isn't Klare returning to a fetishism of the commodity in such an analysis and to a notion of a nation state as a unified entity (something like an animal) with fixed needs? Such an approach is hardly credible.

This is not to say, of course, that there are no limits to resources or that the climax for the world ecosystem must be compatible with the survival of the human race. But, if capitalism survives, these issues will be worked out in the commodification of the resources in question, which might include the selling of "cool climates" to some of us some time in the future as bottled water is being sold over the counter without a peep today.

War and Capitalism

But if "empire" and "scarcity" are not the operative terms for understanding the invasion and occupation of Iraq, then what are? I hypothesize that the operative ones are the old categories of capitalist life: profit, wage, rent, and interest. Capitalist world society's machinery is still moved by these variables. Neither Hardt and Negri nor Klare (however useful their works are in other ways) define an alternative categorical structure.

Our empirical starting point for examining the Iraq invasion and occupation is the simple fact that capitalism has been in the midst of a growing profits, interest and rent crisis beginning with the summer of 1997 (six years ago and three US wars later). That is, one can hardly see the outpouring of militarist behavior and propaganda as the product of systematic success of capitalism. On the contrary, there is a tremendous desperation in the declaration of the "fourth world war" (a term former CIA-Director Woolsey used, seemingly quoting Subcommandante Marcos) barely a decade after the end of the "Cold War." Why is war again on the agenda?

Our theoretical starting point is recognition that war is the continuation of "economics" by other means. Far from being irenic, capitalism is essentially conflictual both between and within classes. True, it is not the only polemical system of social life (see the times of the warring states in China, Greece, Italy, etc.), but it is clearly war-like. Capitalism is so connected with the forms of war that wars can be identified as profit, wage, interest or rent wars instead of being categorized as those between or within states. The reality of each war, however, is quite complex. Class struggle and

competitive struggle interplay to such a degree that it is hard to take any particular war and simply project out intra- and inter-class aspects of war. Perhaps the Opium War is one of the simplest wars to analyze, but certainly the US Civil War is typically complex and interconnected.

Although the science of capitalist “polemology” is still new, we can easily come to a *sine qua non* for explaining the rise of a war in capitalism and its outcome: *what is the flow of value that is contested?*

Oil and War

The war we have just witnessed in Iraq is clearly an oil war, but we should not fetishize such a matter *à la* Klare nor should we make it an empty slogan. The pro-war critics of the movement correctly taunted us with the question, “why should the Bush Administration be concerned about Iraqi oil? After all, the US only imported about 2% of its oil from Iraq.” On a certain level they are right. In fact, these critics were doing us a favor by calling on the movement to move to a proper level of abstraction! What we must be concerned about is the flow of value into and out of Iraq (if value can be spatialized!) and not the question of oil *per se*.

Before we do that we should recognize two things about oil and gas that are essential in understanding the Bush Administration’s claims about the importance of “regime change” and US presence in the oil production centers of the planet: (1) oil/gas is a basic commodity (in the Sraffian terminology) and (2) its production has a high organic composition (in the Marxist terminology).

The first special aspect of the matter is obvious. Oil and gas is involved in the production cycle of almost all other commodities. Its price is therefore central in the determination of prices (and the average rate of profit) throughout the capitalist system. It is of vital importance that this price is reliably determined and changes in its price do not create endogenous “shocks” that can have deleterious consequences to the rest of the system. Therefore, there is a political economic concern to keep the price determiners “under control” in order to achieve this high price viscosity.

The second special aspect of oil production is its high organic composition, i.e., there is little relative human labor compared to machinery involved in the exploration, discovery and extraction of oil and gas. This is clear when you measure the direct employment in the oil and gas industry (which for brevity will be named “the oil industry”) compared to its total sales. I was in an oil facility in Nigeria during the time

when it was pumping close to its billionth barrel (after almost twenty years of operation), but there were very few workers to be found in its environs. Similarly, when you go to Aberdeen in Scotland the sense of a low labor content of the oil produced is glaring, since the crews on the platforms in the middle of the North Sea are dwarfed by the huge technological structure they service.

Clearly, if value is created by living labor, very little of the value of oil and gas is due to the surplus value squeezed from the oil workers themselves. Where does this value come from? From all throughout the capitalist system, especially from the branches of production that are of low organic composition. To put it simply: the bulk of the surplus is generated by the industries with the most labor while the bulk of the surplus is appropriated by the industries with the most capital.

This creates another reason why the oil industry is such a matter of concern for “collective capital.” Not only does it produce a basic commodity, but it also receives much of the surplus labor expropriated in all the other branches of industry. Consequently, from its very beginning the oil industry has been the center of concern for capitalists in other branches of industry. The industry was born under a lunar sign, i.e., full of contradictions and the source of volatile confusions.

On the one side, oil industry capitalists have been continually accused of monopolistic or oligopolistic practices. The US oil industry, for example, was synonymous with the cold and rapacious Rockefeller family for almost half a century (Tarbell 1966). But on the other hand, oil industry capitalists are always presenting themselves as concerned with “orderly” marketing of a vital commodity for the good of the system as a whole. From the Achnacarry Agreement of 1928 that brought Shell, Exxon and BP together in a “price fixing” arrangement to the latest decisions by the US government to open up or keep closed the nation’s strategic oil reserve, the line between planning and price fixing is continually crossed and re-crossed. Thus, oil industry executives are seen in schizophrenic haze: simultaneously being both “price fixing” cabalists and the statesmen of the capitalist system. In fact, many have argued that the oil industry is inevitably something of a “natural monopoly” and so the oil industry executives can’t stop themselves from committing crimes against the anti-trust laws of the planet (Sampson 1975: 35).

Therefore, it is not surprising that all the accusations, suspicions and anxieties projected against the “seven sisters” of the 1960s and 1970s (which have cannibalized each other down to four today) were launched against OPEC, especially after the wave of nationalizations in the early 1970s which brought the control of the actual oil

production closer to the hands of the national energy companies. Certainly, this is the reason why there is a universal capitalist concern as to where this surplus that is shifted to the oil industry is going. Is it going to bettering the nutrition of the working class, to more beautiful palaces for the rulers, to the arms stocks of Islamic fundamentalist groups, etc.? This is exactly why there is so much concern, for in the last two decades the very figures that this circle could rely on is now “out of control.” One could no more be sure that the surplus sent to the Middle East or Venezuela to purchase oil would be recycled into Swiss, New York or London banks. Now it can go to land reform projects in Venezuela or to Korans for a *madrassa* in Kabul.

Rents, Profits and War

In Marx’s writing, all flows of value are global. In capitalism, there is nothing that has a local effect only. This makes for a system that always works behind everyone’s back and there is no Machiavellian Prince who can stand outside it. All these observations apply with even greater force in the oil industry. For it involves the highest levels of technological investment as well as the most embarrassing reliance on the accidents of geology.

The primary feature of the oil industry from a categorical point of view is that it involves rent. Where, by rent, I mean the payment for the use of land or a site to produce a commodity (I’m not talking about Century 21 real estate deals!) We all know how full of conflict rents are, especially when there are immense power asymmetries between landowner and tenant. Rent does not arise from direct production and exploitation taking place on the land or site the rent is payment for. The precondition of rent is that land and other natural “resources” must be transferred out the commons and turned into either state or private property. This process of was called “enclosure” in Britain and the word has been extended to describe all such expropriation both in and out of Britain. Rent and enclosures come together. As a result, even the worst land or site at the margin of production is recognized as property by a transfer of value via the sale of the commodities produced on the land or site to the owner(s) in the form of rent. This is called in the Marxist discourse, “absolute rent.”

There is, of course, another form of rent that arises either from the varying degrees of “natural” productivity of the land or site or by how much the capital employed in working the land or site cannot be separated from the land or site (e.g., this is what happens when an oil company discovers oil deposits in the subsoil). Thus we know that

oil discovery and extraction in the Iraq, for example, is much less costly than the discovery and extraction of oil the “lower 48” of the US (which is operating long after its peak of production in the early 1970s). Since there is only one price of oil of a particular type, there is much more surplus accruing to Iraqi oil. Iraqi rentiers can appropriate a larger part of this surplus than rentiers in the “lower 48.”

There is a struggle between the resource owners and the tenants that can explode in war. There is hardly a rent payment that is not drenched in fire and blood at some point, for they all begin in the initial enclosures that changed the commons into private and/or state property. This primitive accumulation is never ended, as we can see in the US with the continued struggle of the indigenous peoples for their land and rental income (as the current suit brought by Amerindian tribes demanding that the Bureau of Indian Affairs pay them billions of dollars of unpaid rents).

The landowner, if he/she/it is not the state, can come into conflict over the level of taxation that is to be levied on the rental income. Similarly, the state, especially if it is the landowner and rent recipient, can come into conflict with the different class elements of the nation, especially the proletariat, over the level of rent payments to the state and their social distribution (see the endless struggle over “formulas” for income distribution in the Nigerian states over the oil income). So much of the “volatile” politics of oil-producing countries is rooted in these multiple struggles that can “globalize” the most minute of local issues in surprising ways (e.g., in the recent Ijaw strikes which shut down all of Chevron’s operations in Nigeria one of the major demands was the change in the boundaries of municipal election districts!)

Iraq’s history is a perfect case in point. Its national origin begins as an oil possession of Britain, which won the right to preside over the collapse of the Ottoman Empire (Fromkin 1989). Britain was anxious to get possession of Iraq because it was established that Iraq’s subsoil was extremely rich with oil deposits. The imposition of a monarchy was typical of British “indirect rule” colonial policy. But within a short time there were growing conflicts between the local bourgeoisie and proletariat with the British backed monarchy. This led to the anticolonial revolution, the end of the monarchy and the eventual rise of the Ba’ath Party, the Iran-Iraq War and then the invasion of Kuwait (CARDRI 1989). But though one can tell this story on a political level, it would be hard to understand it without seeing the oil subtext throughout. For example, the Iraq’s invasion of Kuwait was based on the claim that Kuwaiti national oil company was slant drilling below the border into Iraqi oil fields and that Kuwait was cheating on its OPEC oil production quotas.

The second form of value is transferred surplus due to the high organic composition of capital used in the oil industry. Before the nationalization of the oil industry, the “Seven Sisters” used to capture this flow. But after the early 1970s most oil producing countries nationalized their oil industries and began to capture some of these flows just like any other capitalist firm producing commodities with little direct labor and a lot of technology for the world market.

This development put the nationalized companies also in charge of deciding not only how this increased “tribute” of capital would be distributed, but it also brought the state into the role of investor in its own industry. Thus, the states became capitalists with the concomitant transformation of their personnel and attitudes (similar to the slow transformation of the English landlord class into capitalists and vice versa). For is one thing to be a rentier (where the right to appropriate from the stream of value is based on the past) and quite another thing to be a capitalist (where the right to appropriate is based on present and future ability to exploit). This transformation has shown us how the most archaic forms of government (tribal and family networks) can be linked into the highest form of technological productivity (see Silvia Federici’s piece on Ibeno, Nigeria in (Midnight Notes 1992)).

The appropriation of transferred value via trading on the world market is one of the “normal” operations of capitalism. It is never done without much scrutiny, conflict and anxiety. Since those who are the bottom end of the system—both workers and capitalists—always see it as “undeserved.” This especially puts a weak vulnerable nation state with large nationalized oil companies at great peril. For it must account to the collective capitalist class as a whole as to what it is doing with “their” surplus.

The US/UK Invasion and Occupation of Iraq

Surely the elements of the great capitalist drama of rent, profit and wage war are crucial in telling the story of the US/UK invasion and occupation of Iraq. The US/UK, as the old patrons of the “seven sisters”—Exxon, Shell, BP, Gulf, Texaco, Mobil and Chevron— are playing the role of estate agents for the oil industry and collective capital. This role is never taken on without a struggle. Niall Ferguson pictured Britain as being the world market’s “enforcer of last resort” in the 19th century. Britain’s “military budget before the First World War” was “a remarkably low insurance premium against international protectionism,” i.e., Britain’s effort to keep up the “ideals” of free trade and the gold standard was an inexpensive effort compared to the benefits of the international trade regime of the 19th century for Britain (Ferguson

2001). But, of course, this “policeman” role was taken up in the face of resistance from the other major powers involved in the world market (especially the US, Germany, France, Russia and later Japan). The same thing applies to the US’s claim for being the enforcer now. There are many critics and querists of such a role. Moreover, the “job” of the rule enforcer for the 21st century neoliberal globalization regime (what is called “democracy-and-free-markets”) increases in difficulty and cost when the number of nation states following the rules and losing catastrophically increases as well. World conquest, empire and the rest is no fun, even if it doesn’t eat up more than 5% of GNP.

This “job” has clearly set the post-war US agenda in Iraq, for not only are the rent and profit flows to be redirected to US corporations and US-approved Iraqi recipients, the US government’s larger interest in “globalizing” and “neoliberalizing” the oil industry is also on the agenda. By “globalizing” and “neoliberalizing” I mean that the policy of privatizing previously nationalized industries and the application of WTO rules in the trading of commodities and movement of capital. Surely, as Cyrus Bina has pointed out, the nationalization spurt in the early 1970s liberated the oil market from the oligopolistic efforts of the “Seven Sisters” (Bina 1992) Nationalization, paradoxically, made a “free market” in oil possible, in the sense that each country could have its own trading strategy. A significant spot market for oil also developed in nationalization’s wake. Moreover, OPEC was never designed to be a “price-fixing” replacement for the many cartel arrangements of the conspiracy-loving Seven Sisters. On the contrary, it was created to give some oil producing countries the strength to nationalize their industries and bargain with the oil industries on a more powerful basis. Once the nationalizations took place, it became possible for nation states to plan their production and so the OPEC governments could coordinate their production decisions. This coordination did not constitute a cartel since the OPEC countries only produced about 50% of the daily oil supply (as of 1998). On balance, the development of the spot market in oil most likely outweighed the oligopolistic effects of the OPEC production quotas.

However, the conditions of oil production are definitely out of step with the conditions of other types of globalized commodities ruled by WTO standards. First, the Bush Administration wants to privatize the international oil industry. The future oil industry in Iraq, under US government control, will be privatized (if not completely, then only a fig leaf of national government control will be tolerated). Second, Iraq’s OPEC seat will be filled by a figure that will either undermine the organization and/or will try to pull Iraq out. This would further destabilize an organization that has had for the last two decades many of its members warring with each other! But there is no

doubt that the US/UK aim is to develop a truly neoliberal world based on a neoliberal energy market. This is “the prize” of the war and is the hidden demand behind the Middle Eastern “free trade area” the Bush Administration is now touting.

Untying the True Knots: the Iraqi and US Proletariats

On the global level, the invasion and occupation of Iraq is an attempt to cut the Gordian Knot to overcome the crisis of neoliberalism by decisively taking charge of a central oil economy in the Middle East. But instead of solving the puzzle posed by the crisis, this violence might very well repropose it on a higher level. This is true for both Iraq and the US. For the US government now must deal directly with the Iraqi proletariat. It is a proletariat that Saddam Hussein himself could only control throughout the 1990s through intermediaries in the UN (e.g., the accountants of the “Oil for Food” program). The Ba’ath Party could not satisfy the pent up demands that flooded Iraqi society after the end of the Iran-Iraq war in 1988-89. In fact, it was these demands that drove Saddam Hussein’s regime into war again in such a reckless way (Midnight Notes 1992). For it was only through the Kuwait invasion and its defeat that the Saddam Hussein regime was able to survive for more than a decade more.

Can the US government deal with the even more pent up demands of twenty years of war, sanctions, and war again? Or, will the Bush Administration offer even less than did the Ba’ath Party? How to untie the knot of this proletariat? It will not be so easily cut as was Saddam’s knot.

Similarly, the US proletariat is reacting to this new war role of the US government ambivalently. For many US workers are simply taking this latest invasion as imperialist business as usual; and it is a business that they have often participated in and gained from in the past. The crucial political point is that this new post-Cold War version of imperialism will not pay for the US proletariat. The peculiar mixture of cuts in veterans’ benefits in the midst of a war is symptomatic of the lack of returns that is being promised by the Bush Administration. It appears like the Bush Administration believes that an appeal to “national security” and defense against terrorism is going to be enough to create a class deal.

But this deal is not going to be. On the contrary, the Bush Administration is going to tax proletarians and reduce wages in order to organize a force to preserve neoliberal capitalism worldwide. If that deal is acceptable to US workers, so be it. But we should be able to present it squarely. If we do, then we can see the purpose of these

theoretical reflections that might help us untie the Gordian knot here, without swords and togas.

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