

**Corso di Laurea Magistrale (*ordinamento ex  
D.M. 270/2004*) in Relazioni Internazionali  
Comparate**

**Tesi di Laurea**

**The Global Shi'astan. The Current  
Global Oil Market and A Case Study  
of Iraq.**

**Relatore** Matteo Legrenzi

**Laureando** Enrica Fei

Matricola 840467

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## **Abstract**

La tesi analizza il mercato contemporaneo del petrolio presentando il case-study dell'Iraq.

Obiettivo della tesi e' stato analizzare la politica petrolifera del partito ISCI, Islamic Supreme Council of Iraq e dell'attuale leader Ammar al-Hakim, nella regione di Basra, nel Sud dell'Iraq. Una politica petrolifera, questa, caratterizzata, come si e' inteso dimostrare, da un orientamento sciita a vantaggio iraniano. Si e' proceduto ad un'analisi del mercato petrolifero contemporaneo, ricostruendo il ruolo storico del Golfo Persico e l'attuale scenario caratterizzato da, tra vari elementi, acquisizioni asiatiche ed embargo all'Iran. Si e' poi offerto il case-study dell'Iraq. Se ne e' tratteggiato un profilo storico, analizzando quindi l'ascesa di Saddam, il regime Ba'thista, l'invasione americana del 2003 e l'instabilita' post-regime change, per poi concentrarsi sull'Iraq here and now. Si e' dunque osservato la nuova élite dirigente, la costituzione del 2005, la questione curda, il governo 2007-2010 e 2010-2014 di Nuri al-Maliki, la campagna elettorale per le elezioni governative di aprile 2014 e i suoi risultati. Dando particolare importanza all'irrisolta questione del federalismo e della legge sugli idrocarburi, si e' analizzato il mercato petrolifero iracheno, in termini qualitativi e quantitativi, in relazione ai vari attori politici, riservando particolare attenzione al ruolo dello ISCI, Islamic Supreme Council of Iraq. Lo studio si e' avvalso del contributo di autorevoli osservatori ed analisti che, intervistati, hanno aiutato nell'interpretazione dei dati raccolti.

## **Chapter I - The Persian Gulf and The Global Oil Market**

## 1.1. Introduction – The Emergent Shi'a Oil Market

When talking of global energy resources and political economy, the Gulf is probably home to the world's most significant group of countries. Talking of global oil markets, there is no significant evidence that the Persian Gulf's role might change over the next decades. Indeed, the Gulf production is going to remain core. If one looks at where the vast majorities of resources are, it is in the Persian Gulf. If one looks at where the most significant upside in production is, it is in the Persian Gulf.<sup>1</sup> Five Gulf countries possess 65% of the world's proven oil reserves. Their oil is by far the cheapest to produce and, if oil was a competitive industry, they would probably be the almost exclusive source of world oil.<sup>2</sup> Despite all the developments and changes occurring in the global oil markets, unconventional flows *in primis* amongst many others, the Gulf is still a region of tremendous upside. A region of tremendous upside where, however, many contrasting elements and dynamics are going on; elements that, for the sake of energy security, need to be observed and consciously analyzed.

On one side are the six Gulf Cooperation Council (GCC) countries, 'leading the charge toward regional globalization'.<sup>3</sup> And on the other side are Iran and Iraq and to a different extent Azerbaijan. While the former show signs of 'ability for postmodern integration and global engagement'<sup>4</sup> and stand out for 'remarkable gleaming tower blocks mushrooming in the desert on the edges of the Arabian Peninsula',<sup>5</sup> the latter appear far more controversial, obscure, but still noteworthy. Iranian and Iraqi economic performances, in fact, have led to contrasting and often contradictory evaluations. Some have argued that they 'seem lost in the Westphalian era',<sup>6</sup> that Iraqi's oil industry is 'a case of ambition, being very far ahead of reality, a case of mismanaged expectations'.<sup>7</sup> Conversely, others have pointed out how 'the National Iranian Oil Company has been very successful in finding new strategies to circumvent sanctions and sold its fuel to Asia';<sup>8</sup> how 'Iran is exporting more oil than it did last year, and in greater amounts

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1 Raad Alkadiri, Managing Director at IHS Energy, Interview with the Author, 31/03/2014.

2 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', in *International Relations of the Middle East*, Louise Fawcett, pp. 82-83, (Oxford: Oxford University Press, 2009).

3 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 1.

4 *Ibid.*, p. 1.

5 *Ibid.*, p. 1.

6 *Ibid.*, p. 1.

7 Raad Alkadiri, Managing Director at IHS Energy, Interview with the Author, 31/03/2014.

8 Humeyra Pamuk and Emma Farge, 'Iranian Sidesteps Sanctions to Export Its Fuel Oil', *Reuters*, 20 December

than the limit the United States placed on exports under the on-going negotiations over Iran's nuclear program'.<sup>9</sup> Or, talking about Iraq, how 'its exports capability is steadily increasing. In fact, according to the International Energy Agency, Iraqi oil production was 3,5 millions barrels per day in 2012, a level of production which hadn't occurred for 30 years; very high levels of production indeed, even compared to Iran'.<sup>10</sup>

Through the history since its discovery in Persia by William Knox D'Arcy in 1908,<sup>11</sup> oil has fundamentally shaped the Gulf from whatever perspective one decides to look at it. Oil has been paramount in shaping the attitude of the UK, and later the US, towards the region.<sup>12</sup> It had fundamental influence in shaping the boundaries and independent existence of some Gulf state: states such as the United Arab Emirates, Qatar, Bahrain and possibly even Kuwait would not have survived as independent entities without their oil.<sup>13</sup> It has been a very important factor in the international relations of the Gulf states, both with respect to regional, or inter-Arab relations, and with respect to international relations at large – that is, relations with industrial and other developing countries.<sup>14</sup> Finally, it has affected the domestic political order, introducing the paradigm of the 'rentier' state, which instead of being supported by society (as it happens in any 'conventional' state), is supported by the oil rent, payment from which accrues directly from the rest of the world and is distributed or allocated to the domestic population.<sup>15</sup>

It should then sound obvious that the history of the oil industry and oil market in the Gulf has passed through a number of different stages, depending on a plurality of factors: political systems, regime types, external powers, interstate conflicts, economic partnerships and so on. The oil-producing countries have naturally taken notice of the importance attributed to oil by the major powers and indeed attempted to take advantage of it. The history of the Gulf oil industry will be analyzed later; what can be said here is that if oil was initially an 'external

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2012, available at: <http://www.reuters.com/article/2012/12/20/us-iran-fuel-exports-idUSBRE8BJ0C020121220>, accessed on 05/01/2014.

9 Keith Johnson, 'Crude Reality: Iran's Oil Export Keeps Rising. Is That Cause for Concern?', *Foreign Policy*, 14 May 2014, available at: [https://www.foreignpolicy.com/articles/2014/03/14/crude\\_reality](https://www.foreignpolicy.com/articles/2014/03/14/crude_reality), accessed on 05/05/2014.

10 Roberto Neccia, Gulf Advisor at Italian Ministry of Foreign Affairs, Interview with the Author, 14/04/2014.

11 Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power*, (New York: Simon and Schuster, 1991).

12 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', in *International Relations of the Middle East*, Louise Fawcett, (Oxford: Oxford University Press, 2009), p.84.

13 *Ibid.*, p. 87.

14 *Ibid.*, p. 88.

15 *Ibid.*, p.91.

commodity', meaning by that it was extracted by Western oil companies, sold to Western consumers, and 'the bulk of the profits from this process were pocketed by the oil companies which controlled the oil wells of the Persian Gulf',<sup>16</sup> things were to change massively quite early on. Since the nationalizations of the 1970s, Gulf countries had taken control of their natural resources and they challenged, and indeed broke, the old paradigm of dependent relations of the primary-(raw-)material-producing countries with the industrial countries. They realized that they were able to sell their primary product at high prices and generate 'surplus' capital domestically. In other words, they realized that they could break the cyclical 'development of underdevelopment'.<sup>17</sup> Oil was then, to have a transforming effect on the Persian Gulf states and, most importantly, to heavily influence the balance of power in the region. As said, that would pass through different stages and take various forms which will later be observed. What must be mentioned here, fundamental to understanding this research and essential in introducing its hypothesis, is a pivotal core-element. For the Gulf countries oil, especially since the post-Gulf war, has essentially been a tool, more than anything else. Gulf countries have used oil reserves to direct the balance of power in their favor and pursue specific objectives which have nothing to do with oil as a commodity. Saddam in Iraq, the Gulf analyst Serena Forni Tajé pointed out when interviewed for this work, would use Iraqi oil to gain international support in the wake of the Iran-Iraq war. 'He nourished alliances with Western powers', she commented, 'granting, for instance, oil-extraction rights in the Iraqi territory'.<sup>18</sup> Conversely, for Western Powers oil itself has been the main objective. One could mention that Western powers have recently used oil as a tool as well, witness the American embargo against Iran, Libya and Iraq. However, while Iran has been under embargo, Saudi Arabia, certainly not the best example of human-rights-respecting democracy, has kept close relations with the Americans and generally the whole West by being a strong and reliable oil exporter. This suggests, that for Western powers, oil not only needs to be abundant and cheap, but also 'politically correct' - meaning from a country whose government is friendly to them.<sup>19</sup> And in the Gulf, Saudi Arabia and Iran are natural geopolitical rivals: so, for external actors, good relationships with both could represent a big challenge. If not a real struggle.

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16 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 51.

17 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 58.

18 Serena Forni Tajé, Ufficio Internazionale Comune di Roma Sindaco Alemanno, Interview with the Author, 19/05/2014.

19 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', in *International Relations of the Middle East*, Louise Fawcett, (Oxford: Oxford University Press, 2009), p. 89.

Looking at the Gulf now, a fundamental change seems to have occurred very recently. Over the past decades and especially since the 2003 Iraqi war and the civil war that broke out in the aftermath, the religious sect has become more and more relevant as a marker of identity in mixed Gulf societies. Moreover, Shi'a communities have risen to power in certain countries (in Iraq as well as in Lebanon) and that 'undermined the long-held assumption that Arab Shi'a would never play a significant political role and increased the aspirations of Gulf Shi'a'.<sup>20</sup> If the Iranian Revolution had given hopes to Arab Shi'a Islamist movements in Iraq or in Lebanon, it had also turned Iran from an ally to an enemy of the West and the Arab Gulf monarchies, leading some of them to champion Sunni Islam against Iranian claims to lead the *umma*, the followers of Islam. However, the success of Iraqi Shi'a after 2003, the outcomes of sectarian violence in Iraq post-regime change and the growing worry and disappointment amongst Saudi officials after the removal of Saddam in Iraq, are indeed all evidence of the empowerment of the Shi'a identity, which is assuming a more and more decisive and powerful role in the region. In fact, the involvement in the Iraqi civil war since 2003 of external Shi'a militias, mostly financed and trained in Iran, as will be studied in detail in the chapter dedicated to the civil war, contributed to a growing influence of Teheran in the region, notably in Iraqi politics.<sup>21</sup> The traditional geopolitical rivalry between Iran and Saudi Arabia, unsurprising antagonism given their size and oil wealth, has been then profoundly exasperated. 'For Saudi officials all problems of Gulf started then, when Saddam was withdrawn and the Shi'as freed out',<sup>22</sup> Marc Valeri commented when interviewed for this research.

Toby Matthiesen in his last book *Sectarian Gulf. Bahrain, Saudi Arabia and The Arab Spring That Wasn't*, has argued that in the immediate aftermath of the 2011 protests in Tunisia, Egypt, Libya and Yemen, the Arab Spring was also emerging in the Gulf monarchies. And in response to the Arab Spring protests, the Gulf ruling families, above all the Saudi and Bahraini, 'have played on and strengthened sectarian divisions between Sunni and Shi'a to prevent a cross-sectarian opposition front, [...] thereby creating a *sectarian Gulf*'.<sup>23</sup> This thesis will dedicate a whole chapter to the instability and violence in Iraq post-regime change because, as Matthiesen argues in his book, 'it was the civil war between Shi'a and Sunni in Iraq after the

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20 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford, 2013), pp. 20-21.

21 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), pp. 39-40.

22 Marc Valeri, Interview with the Author, 23/05/2014.

23 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford, 2013), p. ix.

fall of Saddam Hussein that really made sectarianism one of the *key* features of Middle East politics<sup>24</sup> - and by implication the 'Gulf oil' market. Sectarianism in the region has since then become 'more important than ever before'.<sup>25</sup> However, it has been cogently argued by a number of respectable analysts that the lens of sectarianism does not really help to understand the complexity of Middle East and Gulf societies. Much of the enmity between Iran and Saudi Arabia, and respective Shi'a or Sunni movements, 'is about geopolitics rather than religion, and reducing it to a Sunni-Shi'a conflict is too simplistic'.<sup>26</sup> This thesis has fully espoused such an approach. Along with these analysts, this study refuses to explain the Gulf in terms of theological differences between Shi'a and Sunni doctrines. Iran, Iraq, Saudi Arabia, Bahrain, Kuwait: these are societies 'characterized by centuries of trade, travel, and migration that were heterogeneous and escaped easy categorizations'.<sup>27</sup> Yet, what is believed here - which does not contradict this refusal to ascribe to the 'Western myth' of sectarianism - <sup>28</sup> is that although the reality is undoubtedly more nuanced, Saudi Arabia and Iran have indeed used religion to further their geopolitical aims. And they do so today more than ever. Let us be clear on this: their struggle has nothing to do with religion - it is instead all about regional balance of power. It is a fight for dominance in the region. Nevertheless, in Saudi, Iran - as well as in the other Gulf monarchies and in Iraq – Sunni-Shi'a divisions are used as rhetoric and foreign policy tools.

Toby Matthiesen's view seems to go towards the exact same direction. 'What distinguishes the new sectarianism from previous periods of sectarian tensions is that rulers now make decisions on the basis of a sectarian assessment of politics. They think strategically in sectarian terms, and shape their foreign policies in those terms. As a result, [in Saudi Arabia] majority Shi'a Iran is viewed as an infidel arch-rival, although paradoxically followed closely by the Sunni Islamist Muslim Brotherhood, which since its [former] election victories in Egypt and Tunisia has become the other enemy of choice for Gulf elites, who attribute much of the same malicious transnational meddling to the Muslim Brotherhood that they also ascribe to Iran. That the discourse surrounding the alleged meddling of Iran and the Muslim Brotherhood is so

24 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford, 2013), p. x.

25 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford, 2013), p. x.

26 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford, 2013), p. 20.

27 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford, 2013), p. xii.

28 Ashley Smith, 'Imperial roots of Iraq's sectarian violence', *socialistworker.org*, 11 November 2013, available at: <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>, accessed on 02/02/2014.

similar, even though the interests and allies of the two players are so radically different, nurtures the suspicion that these allegations are often about finding a scapegoat to deflect popular attention to an external enemy. [...] While the West has not directly taken up the sectarian rhetoric, it has accepted the sectarian logic of marginalizing the Shi'a and by default Iran. This is part of a larger scheme to isolate Iran, including by fighting a proxy conflict in Syria, and the United States and the EU therefore do not heavily pressure their allies in the Gulf to tame sectarianism'.<sup>29</sup>

This thesis has combined the argument that oil in Gulf countries has mainly been a tool to achieve geopolitical objectives, and that sectarianism has been used to further these geopolitical ambitions. The hypothesis of this research, then, has been that since the early 2000s, the religious and sectarian element has become fundamental in the oil management and oil policies in the region and, consequently, in the global oil markets. Using the words of Serena Forni Tajé, besides conventional and unconventional oil, 'confessional oil' can describe the current global oil markets. In fact, given the traditional divisions within the Muslim world, a growing 'rift' between a Sunni and a Shi'a oil market can be observed. Two markets which, indeed, are competing for regional power. The Shi'a 'block' has emerged and gained strength since the very early 2000s, notably since the 2003 US invasion of Iraq and the subsequent violence and political outcome. Iran and Iraq are its major forces, followed by Azerbaijan (remarkable for its oil production and gas exports, which will grow in the future as field development and export infrastructure expands).<sup>30</sup>

The Western embargo on Iran and Iraq; Saudi Arabia, the traditional enemy, as the largest producer and exporter of oil in the world; the Western acquiescence in the sectarian logic of marginalizing the Shi'a and by default Iran: all these factors and many others deeply affected the Shi'a oil market in the past. A number of changes however, have occurred in the last decades, the so-called 'Asianization' of the Persian Gulf *in primis*, which provided new buyers and economic partners.

Iran, moreover, '[has] become increasingly creative in dodging Western sanctions. [...] Iran is no stranger to international sanctions [...] "The National Iranian Oil Company has been very successful in finding new strategies to circumvent sanctions and sold its fuel oil to Asia in

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29 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford University Press, 2013), p. xii-xiii.

30 EIA U.S. Energy Information Administration, *Azerbaijan Analysis*, <http://www.eia.gov/countries/cab.cfm?fips=AJ>, accessed on 05/05/2014.

August and September. Now we think Middle Eastern buyers of Iranian fuel oil have reappeared," [Salar Moradi, oil analyst at FACTS Global Energy] said. Using ship-to-ship transfers, discharging and loading at remote ports and blending the Iranian fuel oil with other fuels to disguise the origin have become popular tactics for the Gulf-based middlemen and helped keep sales steady, several trading and industry sources familiar with the region said. [...] Several Middle Eastern traders said they had been approached by small UAE-based companies offering a type of fuel oil dubbed in the market as "Iraqi special blend" that included a combination of different fuel oil blends from the Middle East, or with an origin described as Iraqi'.<sup>31</sup>

This thesis has chosen Iraq as a case study for such a theory. To prove the hypothesis, Iraq is paradigmatic. A country like Iraq, with a majority Shi'a population accounting for 65%,<sup>32</sup> a significant Sunni minority of 35%,<sup>33</sup> and an autonomous Northern region, Iraqi Kurdistan, with a population of more than 5 million,<sup>34</sup> is exemplary of the complex, diverse and divisive nature of Arab and Gulf societies. The sectarian violence and the sectarian tensions that have raged the country since 2003, make Iraq as a perfect model of the 'new sectarianism' in the region which Toby Matthiesen has written about.

Neighboring the Shi'a regional super power Iran, Iraq has nourished stronger and stronger relations with the Iranian government but, at the same time, has tried to repair relations with Turkey and interact with both China and Western countries. Something which has made Teheran fear that their economic honeymoon might end soon. And that shows how the ethnic divide between Persians and Arabs is still strong; historical enmity borne of decades of conflict remains present.<sup>35</sup>

Moreover, the unequal geographical distribution of oil wealth, with the Southern Shi'a region accounting for 70% of Iraq's oil and more than 97% of the energy resources, makes Iraq a perfect starting-point for a study about oil and sectarian animosity in the Persian Gulf. Oil has

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31 Humeyra Pamuk and Emma Farge, 'Iranian Sidesteps Sanctions To Export Its Fuel Oil', *Reuters*, 20 December 2012, <http://www.reuters.com/article/2012/12/20/us-iran-fuel-exports-idUSBRE8BJ0C020121220>, accessed on 05/02/2014.

32 'Iraq', *CIA World Factbook*.

33 'Mapping the Global Muslim Population', *Pew Forum on Religion & Public Life*, p. 10.

34 'The People of Kurdistan', *Kurdistan Regional Government*, <http://www.krg.org/p/p.aspx?l=12&s=020000&r=304&p=214>, accessed on 08/05/2014.

35 Michael Rubin, Operational Environment Watch, 'Charting the Future of Iran-Iraq Relations', *American Enterprise Institute*, 6 January 2014, <http://www.aei.org/article/foreign-and-defense-policy/regional/middle-east-and-north-africa/charting-the-future-of-iran-iraq-relations>, accessed on 07/05/2014.

been used in Iraq as a tool to gain strategic alliances with Western powers since the Saddam regime.<sup>36</sup> But since the 2003 American invasion, oil has become a real tool of 'religious supremacy',<sup>37</sup> by that meaning that the Iraqi Shi'a forces have tried to direct the oil policies of the country towards a federal management, with the oil-rich South of Iraq, predominantly Shi'a, virtually independent. That has caused tension and consternation amongst the Sunni community: as the chapter about the hydrocarbon law will thoroughly explain, the Association of Muslim Scholars, which aims to represent the Sunnis in Iraq, would issue a *fatwa* strongly opposing the oil law. The *fatwa* stated that according to the teachings of the Prophet, water, pasture and fire could not be owned by individuals or the state. They are instead common property of the *umma*, over which the state has the role of the guardian.<sup>38</sup> Moreover, the Iraqi 'ulema would say, it is against the spirit of the *waqf*, 'endowment', a long-standing Islamic tradition which refers to the dedication of some valuable goods – land, a building, or even money – such that it no longer belongs to anybody, and cannot be bought or sold.<sup>39</sup> Oil, for the 'ulema, was to be redistributed amongst the believers.<sup>40</sup>

Amongst the Iraqi purveyors of this Shi'a block aiming for emancipation from the Sunni oil management, Ammar al-Hakim stands out as one of the leaders. When his father, Abdel Aziz al-Hakim, retired from politics due to serious lung cancer, Ammar al-Hakim took over over the leadership of the Islamic Supreme Council of Iraq (ISCI), one of the major Shi'a parties in Iraq. Abdel Aziz had fled to Iran in the early 1980s and spent there 20 years in exile. Once back, he had served as the commander of ISCI's militia arm, the Badr Brigade, actively participating in the sectarian violence which spread across the country in the immediate aftermath of the American invasion.<sup>41</sup> At that time ISCI was still called 'SCIRI', Supreme Council for the Islamic Revolution in Iraq. In 2007, Abdel Aziz al-Hakim would suggest to drop the word 'revolution' from the party's name as the Saddam regime had been removed and the party had entered a constitutional-based political process that mandated the peaceful

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36 Serena Forni Tajé, Ufficio Internazionale Comune di Roma Sindaco Alemanno, Interview with the Author, 19/05/2014.

37 Serena Forni Tajé, Ufficio Internazionale Comune di Roma Sindaco Alemanno, Interview with the Author, 19/05/2014.

38 AMS, Fatwa on Oil Law, 4 July 2007, translated by Yahya Hamied.

39 'Waqf', *Islamic Relief UK*, <http://www.islamic-relief.org.uk/resources/charity-in-islam/waqf/>, accessed on 08/05/2014.

40 Serena Forni Tajé, Ufficio Internazionale Comune di Roma Sindaco Alemanno, Interview with the Author, 19/05/2014.

41 Matthew Duss and Peter Juul, 'The Fractured Shi'a of Iraq. Understanding the Tensions within Iraq's Majority', *Center for American Progress*, <http://www.americanprogress.org/issues/military/report/2009/01/28/5496/the-fractured-shia-of-iraq/>, accessed on 03/02/2014.

handover of power through free popular elections.<sup>42</sup> In fact, ISCI had been founded in Iran in the early 1980s with the aim to overthrow the Iraqi regime and the term 'revolution' was to be seen in that sense. As will be later studied and analyzed, the party had always expressed strong adherence to Khomeini's principle of *vilayat e-faqih*, the Iranian Guardianship of the Jurists, and Ali Khomeini's supreme authority;<sup>43</sup> so the word 'revolution' was meant to refer to the 1978 Iranian Revolution.

Today ISCI is one of the most powerful political parties in Iraq. It has been defined by some observers as the 'the only true winner of the April 2014's parliamentary elections',<sup>44</sup> which results will be later observed and interpreted. Since the removal of Saddam regime, it has enjoyed strong and good relations with the Americans: Reidar Visser would comment that 'one of the greatest paradoxes of US policy in Iraq [...] is the US choice of a favored 'Shi'ite partner' – the Supreme Council for the Islamic Revolution in Iraq (SCIRI), recently named the Supreme Islamic Iraqi Council (SIIC/ISCI)'.<sup>45</sup> Indeed, the US choice of such a partner sounds quite surprising. ISCI 'is unrivaled in terms of the longevity of its ties with Iran [...], it is distinctive with regard to its historical record of subservience to the office of Iran's leader, Ali Khomeini'.<sup>46</sup>

ISCI's primary power base is in the oil-rich Southern region; its members have controlled a majority of the provincial governments in Southern Iraq since the regime change. ISCI leaders have pushed for the creation of an autonomous Shi'a federal region in Southern Iraq, the so-called 'Shiastan' which gives the name to this thesis. ISCI leaders would also massively pressure for the above mentioned hydrocarbon law to pass. For all these reasons, this work will give much attention to ISCI and its leaders. And by doing so, it will try to prove the validity of its hypothesis.

## 1.2. The Nature of Regional Rivalries

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42 Final Statement issued by ISCI and read by Ridha Jawad Taqi, 12 May 2007, on behalf of Abdel Aziz al-Hakim, available at [www.almejlis.org/news\\_article-13.html](http://www.almejlis.org/news_article-13.html).

43 International Crisis Group, 'Shiite Politics in Iraq: The Role of the Supreme Council', Crisis Group Middle East Report N°70, pp. 15-16, 15 November 2007.

44 Italian Ministry of Foreign Affairs, Informal Report, 05/2014.

45 Reidar Visser, 'Taming the Hegemonic Power: SCIRI and the Evolution of US Policy in Iraq', *International Journal of Contemporary Iraqi Studies*, Vol. 2, No. 1, 2008, p. 31.

46 *Ibid.*, p. 31.

The Persian Gulf is a sub-region of the Middle East which since the beginning of 20<sup>th</sup> century has been globally vital for a wide range of reasons. Primary source of energy, financial power, rich markets, geopolitics and specific dynamics which has made the region highly unstable: the intense violence, the paranoia of the vast array of authoritarian regimes which rule the region, the role of non-state actors - such as al-Qaeda, Hamas, Hezbollah etc – and many others.<sup>47</sup> It is remarkable that such a global relevance is dated to the early 1900s, not earlier. Some Middle East or North-African countries do have deep roots in history, such as Egypt, Morocco, Lebanon and Syria.<sup>48</sup> One could point out that the Persian Empire is dated to 550 BC. However, the Persian Gulf as a geopolitical and economic sub-region, including Saudi Arabia in the Arabian Peninsula and Iran on the East side, is a far younger entity. Talking of the Middle East and North African countries - the MENA region - this dichotomy between the older and newer states has come to be one of the fundamental dimension of regional and international relations of the Middle East. And it is extremely interesting, because it largely coincides with the oil-haves and oil-have-nots.<sup>49</sup>

In fact, the importance of hydrocarbon extraction to the economies and social well-being of the Persian Gulf countries is paramount. In these countries, oil is the tool that in a short period of time has transformed them into modern polities with sophisticated national economies.<sup>50</sup> It should not be surprising then if the centrality of this region of the world has become so significant only relatively recently, when oil has gained its pivotal importance as a primary source of energy and, consequently, governments of all over the world have been concerned with its constant availability.

For all these reasons, the stability of the Gulf, a region so vital for international security and trade, has dominated global concerns. Paradoxically, however, this is one of the most unstable region in the world. Political and strategic processes deeply affecting the region have articulated its power relations, regionally and internationally speaking. The Arab-Israeli peace process; Iran's nuclear program; Iraq's continuing violence; ethno-sectarianism and religious disputes; struggle over the management and share of hydrocarbon revenues: these are just a

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47 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 42.

48 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', in *International Relations of the Middle East*, Louise Fawcett, p. 87, (Oxford: Oxford University Press, 2009).

49 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', in *International Relations of the Middle East*, Louise Fawcett, p. 87, (Oxford: Oxford University Press, 2009).

50 Joseph A. Kechichian, *Iran, Iraq and the Arab Gulf States*, (Palgrave Macmillan, 2001).

few of the several issues that make the Gulf regional landscape 'fluid and its power relations rather uneven'.<sup>51</sup>

In fact this region, more so than any other, is characterized by 'intense dynamism':<sup>52</sup> power relations can change rapidly, external powers can have a dramatic influence and outside pressures can impact the regional balance in unpredictable ways. Moreover, this is not only a highly dynamic and unstable region, but also an extremely unstructured one. And the drivers of rivalries in this unstable environment are very distinctive from other regions.

Firstly, one key driver is the 'unpredictable and intense nature of violence that, with each eruption, presses down on regional states' security and as a consequence feeds the unilateralist tendencies of the most powerful among them'.<sup>53</sup> Endemic violence, aggravated by the frequency and intensity of the conflict, at the same time has nourished two opposite and contradictory tendencies: their 'predatory instincts and their survival strategies'.<sup>54</sup> The struggle for survival in such an unstructured regional system has in turn encouraged competition for supremacy. Supremacy and survival, for some Gulf states (and in fact in the whole Middle East), have become synonymous.

Secondly, the second driver is the paranoia which characterizes the authoritarian regimes of the region. Again, this is sadly shared with other Middle Eastern states. Gulf countries have developed over time sharp security and therefore high militarization. In this sense, American collaboration has been massive, offering some kind of 'protection' in return of friendly and profitable relationships with certain regimes (notably the Saudi one). The security paradigm dominates, in fact not only in the Gulf, but from North Africa to Pakistan. The obsession with security nourishes suspicions, inflames rivalries and pushes every critical country of the region, irrespective of its size, to maintain a 'well-oiled military machine'.<sup>55</sup>

Thirdly, the role of non-state actors and the extent to which such actors can determine rivalries and conflicts in the region, makes the area perhaps unique in the world.

This is true in a double sense. On one side are the terrorist groups; amongst others, al-Qaeda,

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51 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 37.

52 *Ibid.*, p. 37.

53 *Ibid.*, p. 37.

54 *Ibid.*, p. 37.

55 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 38.

Hezbollah and, although arguably considered a terrorist organization, Hamas. Actively participating to the conflicts in the region, these groups are supported, financed and trained by external powers. These powers thus benefit from them: they get embroiled in the domestic affairs of their main rivals through the active presence of terrorist organizations. So Iraq, for instance, since 2003 has been 'burnt at the hands of such non-state actors, with daily attacks on the institutions of the state and symbols of its diverse communities'.<sup>56</sup> Non-state actors which have been financed – as seen in the chapter about the instability and violence post-regime change – by Iran or Saudi Arabia: which then competed on Iraqi ground for supremacy in the region.

On the other side, are the rivalries elsewhere in the world: given their geopolitical and economic relevance, the Gulf states have often found themselves caught up in external conflicts.

In the MENA region, conflicts often acquire wider regional dimensions and for the Gulf states these are unmissable occasions for regional dominance. So, for instance, in the 2006 Israeli military campaign against Hezbollah, other states found it impossible to stay clear of the war zone. Alongside with Syria, Iran rushed to the aid of Hezbollah and undertook a massive rearmament of the group.<sup>57</sup> In 2008 the Gaza war brought the entire Arab world into the fray, and amongst the Gulf states, Saudi Arabia found itself badly exposed, being accused of not providing enough support the Palestinian citizens of Gaza. In a conflict unleashed by Israel, which probably had Iran as its main target, risks for Riyadh grew over a conflict that was not of its own making or choosing. And Iran, Saudi's main rival, took advantage of the situation doing everything it could (providing for instance military support) to portray itself as the true defender of the Palestinians in Gaza.<sup>58</sup>

### **1.3. Brief History of the Gulf Oil – Introduction**

In discussing the Gulf, oil is inescapable. It has influenced the region's relations with the rest of the world, notably the major powers. Moreover, because of the imbalance of its distribution, it has shaped the nature of Gulf governments, deeply affecting their relations with each other:

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<sup>56</sup> *Ibid.*, p. 38.

<sup>57</sup> *Ibid.*, p. 38.

<sup>58</sup> *Ibid.*, p. 38.

oil in the region is highly concentrated and thus creates a distinctive polarization between oil-haves areas and oil-have-nots.<sup>59</sup> AGGIUNGERE CHE OSSERVANDO LA STORIA DELL'OIL NELLA REGIONE, SI VEDE LE AMAZING PERFORMANCES DEI GCC COUNTRIES E UNA PIU' CONTROVERSIAL AND COMPLEX REALITY ON THE OTHER SIDE OF THE WATERWAY. DUE TO THE IMPACT OF WAR AND REVOLUTION, FOR INSTANCE, THE 80S WOULD BE PARTICULARLY HARSH FOR THE 'EAST-SHIA' GULF (ALTHOUGH VERY DIFFICULT FOR THE GCC COUNTRIES AS WELL). ALLO STESSO TEMPO, SE NE VEDE UN INCREDIBILE MIGLIORAMENTO E MASSIVE CHANGES DAGLI EARLY 2000S IN POI. An accurate history of the Gulf oil is then vitally important; given the nature and the objectives of this thesis, however, this will not be done here. Only basic elements will be mentioned, elements which may be useful and consistent with this research.

#### **1.4. When the Gulf Oil was Not Theirs: The Early 1990s**

As previously mentioned, generally speaking, for the postwar generation in the Gulf, oil was an 'an external commodity'. It was extracted by Western oil companies, sold to Western consumers, and 'the bulk of the profits from this process were pocketed by the oil companies which controlled the oil wells of the Persian Gulf'.<sup>60</sup> In fact, unsurprisingly, oil interests fundamentally shaped the British policy in the Gulf until its withdrawal from the lower Gulf in the early 1970s (substituted in terms of interference in the region by the United States).<sup>61</sup> Since oil discovery in Persia by William Knox D'Arcy in 1908, the involvement of the UK imperial government was clear from the start. Winston Churchill, at the time First Lord of Admiralty, decided that the imperial fleet should be converted from coal to oil, and argued for direct government involvement by acquiring a controlling interest in Anglo-Persian – as Anglo-Iranian was then named – as a way to guarantee cheaper supplies for the fleet.<sup>62</sup>

Since oil discovery in the early 1900s until the 1970s nationalizations, oil production in the Gulf was controlled by producing companies or consortia within which the major international

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<sup>59</sup> Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', p. 84, in *International Relations of the Middle East*, Ed. Louise Fawcett, (Oxford: Oxford University Press, 2009).

<sup>60</sup> Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 51.

<sup>61</sup> F. Gregory Gause III, 'The International Politics in the Gulf', pp. 273-289, in *International Relations of the Middle East*, Ed. Louise Fawcett, (Oxford: Oxford University Press, 2009).

<sup>62</sup> Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power*, (New York: Simon and Schuster, 1991).

oil companies cooperated in a 'web of interlocking interests'<sup>63</sup> (Table 1.1). The system would collapse after 1972 when most producing companies were nationalized. Producing consortia held huge concessions and often were the only producers in the company, thus commanding enormous bargaining power *vis-à-vis* the national government.

The biggest company which had the largest reserves in the Gulf war by far Anglo-Iranian. Iran had been the first country in the Gulf to become an oil exporter and kept this pride until 1950. That year, a controversy between the Anglo-Iranian company and the nationalist government of Prime Minister Muhammad Mussadeq broke out. Anglo-Iranian was nationalized and all international oil companies boycotted Iranian oil; between 1952 and 1952 production literally collapsed, and recovered only after the coup that overthrew Mussadeq and the formation of the Iranian Consortium, in which Anglo-Iranian's share was reduced to 40%. Following Mussadeq's nationalization, it would change its name into British Petroleum, and is today BP.<sup>64</sup>

The cornerstone of the system, however, was the Iraq Petroleum Company (IPC). Five of the eight major international companies were present in IPC, whose equity was carefully divided: 50% to British interests, represented equally by Anglo-Iranian and Royal Dutch-Shell; 25 per cent to American interests, represented equally by Standard Oil New Jersey (one of the companies issued from the break-up of John D. Rockefeller's Standard Oil in 1911, later known as Esso Oil Company, and today as ExxonMobil after its union with the latter) and Mobil (previously known as Standard Oil Company of New York or SOCONY, another offspring of Standard Oil); and 25% to French interests, represented by the Compagnie Française des Pétroles (today's Total). The logic behind IPC and its internal rules were all about discouraging competition between the IPC partners in the downstream markets as well as elsewhere in the region. The Red Line agreement committed the partners not to enter any other producing venture in the former Ottoman Empire except in the same combination as in IPC. That is why many other producing consortia, notably Abu Dhabi onshore, had the same exact composition as IPC.<sup>65</sup>

Kuwait, which was not considered to have been part of the Ottoman Empire, allowed Anglo-

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63 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', p. 85, in *International Relations of the Middle East*, Ed. Louise Fawcett, (Oxford: Oxford University Press, 2009).

64 Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power*, (New York: Simon and Schuster, 1991).

65 Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', p. 85, in *International Relations of the Middle East*, Ed. Louise Fawcett, (Oxford: Oxford University Press, 2009).

Iranian to take 50% of the concession sharing it with Gulf Oil (an American company which would be later taken over by Chevron). On the other hand, Saudi Arabia *was* part of the Ottoman Empire, and the IPC partners did not show any interest in acquiring a concession there. It went then to Standard Oil of California (or SoCal, another Standard Oil offshoot, today Chevron). SoCal would discover in the early 1930s huge quantities of oil alone. And given the magnitude of the discovery, it would start to look for partners with the help of the US State Department. The latter at some point even considered taking a direct interest, exactly as the British government had done with the Anglo-Iranian company, unsurprisingly. SoCal, however, brought in first its regional partner Texaco – in a joint venture called Caltex – and later also Standard Oil New Jersey and Mobil.<sup>66</sup>

Finally the Iranian consortium was formed after the 1953 coup that overthrew Mussadeq and paved the way to the return of the Shah. In fact, it is by now common knowledge that CIA had been instrumental in orchestrating the coup. Anglo-Iranian, the original sole concession holder, maintained a 40% interest, but had to give up the rest to Royal Dutch Shell (14%, so that British interests still controlled a majority) and various American companies.<sup>67</sup>

### **1.5. On the Road to the Nationalizations: The 1950s**

On the path to the 1970s nationalization, looking at the history of oil as a source of national development in the Gulf states, the 1950's massive changes are quite remarkable and play a significant role. Oil had been important for the national economies since the 1940s but had not been yet the national asset it would become later. The 50-50 oil profit arrangements, which would occur around the 1950s, brought about dramatic changes. They in fact coincided with the rapid rises in demand for oil and created the capital surpluses the oil monarchies (at the time Iran and Iraq were monarchies as well) needed for development.

Iraq was the first Gulf state to start the process.

Through the allocation of 70% of its oil revenues for development, Iraq began to invest heavily in its public works, transportation, education and health services: \$20 million in 1951,

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<sup>66</sup> George W. Stocking, *Middle East Oil*, (Knoxville, TN: Vanderbilt University Press, 1970).

<sup>67</sup> Giacomo Luciani, 'Oil and Political Economy in the International Relations of the Middle East', p. 86, in *International Relations of the Middle East*, Ed. Louise Fawcett, (Oxford: Oxford University Press, 2009).

\$170 million in 1956, and \$280 million in 1958, the year of the revolution which overthrew the Hashemite monarchy.<sup>68</sup>

Next in line was Iran, with its seven-year development strategy based on oil revenues and matched borrowing from overseas.

### Saudi Arabia

Saudi Arabia began the process of rationalizing its public finances and targeted the oil expenditures in 1958. It has been said that up until then, Saudi Arabia's consumption patterns and economic behavior 'had much resembled sixteenth-century Spain'.<sup>69</sup> 'Oil royalties have grown since the Second World War to exceed \$300 million yearly', Meyer would comment at the of the 1950s, 'and the desert kingdom has received capital transfers – much of it in gold – from the West exceeding \$2 billion over the past decade [1948-58]. With consummate efficiency, the Saudi ruling families, the Saudi ruling families joined with the peninsula's tribal Bedouin tradition to bury the gold in the ground, to hang it on the nation's women, or to convert it into foreign-made consumers' goods [...] Saudis have with few exceptions – chiefly the magnificent set of government ministries in Riyadh, ports in Jeddah and Dammam, and an inadequate set of schools and hospitals – spent their money with [...] extraordinary profligacy'.<sup>70</sup>

## 1.6. The Rise of the Oil States: The 1970s

By 1966, Iraq, Saudi Arabia and Kuwait were beginning to pull away from the rest of the region. As Table 1.2 shows, in 1966 alone and well before the oil price hikes of the 1970s, they were already earning nearly \$2.5 billion in oil income. Oil was becoming 'the foundation of the new economies of the Gulf',<sup>71</sup> given also the rising demand in Europe and Asia (namely Japan). Geo-politically speaking, however, the 'oil era' was to emerge in the course of June 1967 Arab-Israeli War and in the aftermath of the October 1973 Arab-Israeli war. The former resulted in the closure of the Suez Canal and the subsequent increase in the cost of

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68 Albert Julius Meyer, *Middle Eastern Capitalism: Nine Essays*, (Harvard: Harvard University Press, 1959).

69 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 52.

70 Albert Julius Meyer, *Middle Eastern Capitalism: Nine Essays*, (Harvard: Harvard University Press, 1959), p. 21.

71 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 52.

transportation of oil to Western markets, which added a 'real premium' to access to oil.<sup>72</sup> On the other side, at the outbreak of war between Israel and its Arab neighbors in October 1973, OPEC countries declared an embargo against the United States and the Netherlands due to their military support of Israel. Prices increased dramatically, precipitating the first 'energy crisis'.<sup>73</sup> Increases in oil income from 1973 onward provided the new engine for growth in the region. OPEC members' value of exports increased from \$17.3 billion in 1970 to \$41.3 billion in 1973. It rose to \$149.2 billion four years later and on the eve of the Iran-Iraq war in 1980 it jumped to \$292.6 billion. Saudi Arabia's income increased from a modest \$2.4 billion in 1970 to \$48 billion in the same period.<sup>74</sup>

Table 1.3 shows the dramatic impact of such oil politics. In 1973 alone the six main Gulf producers had earned over £22 billion from their oil exports, 'turning the bulk of them into instant "capital-surplus countries"'.<sup>75</sup> Naturally, extremely high oil incomes brought about very serious issues related to the oil states' ability to absorb such massive injections of capital into their weak economic systems all of a sudden. They did intend to use the income generated for national economy development. Oil enabled the Gulf states to implant 'the basis for a fully operational and economically viable modern economy, in the style of the advanced countries of the world, into traditional societies still marked by widespread poverty and economic backwardness'.<sup>76</sup>

Moreover, internally, massive oil income stretched the oil states' ability to cope with the deployment of this capital in an efficient and productive way. In Ehteshami's words, 'high incomes created "white elephants" and "trophy projects" which sat uncomfortably alongside many valuable public projects, such as new schools, universities, hospitals, military bases, etc'.<sup>77</sup>

As a consequence of the '*rise of the oil state*', as this 1970s phenomenon has been called, the public sector vigorously expanded as well. Without a strong state bureaucracy, which would

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72 *Ibid.*, pp. 52-53.

73 Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power*, (New York: Simon and Schuster, 1991), pp. 588-612..

74 Anoushiravan Ehteshami, 'Security and Strategic Trends in the Middle East', in *The Transformation of the Gulf. Politics, Economics and the Global Order*, Ed. David Held and Kristian Ulrichsen, Routledge, 2011.

75 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 53.

76 Rudolf Hablützel, 'Issues in Economic Diversification for the Oil-Rich Countries', *Finance and Development*, Vol. 18, June 1981, p. 11.

77 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 54.

provide the technical, managerial, and planning oversight for so many projects and initiatives around the region, even fewer of the multimillion dollar projects would have been completed.<sup>78</sup> That is why, in fact, in the state-led economy of Iraq, working for the state, with all its certain benefits, became soon in the 1980s the preferred employment route for the majority of Iraqi population.<sup>79</sup> So when the US-led de-Ba'athification process would purge the civil service of its top layer management, between 20,000 and 120,000 people became unemployed. In fact, for all these people, the Ba'ath party '[had been] merely a requirement for employment, not a statement of political sympathy'.<sup>80</sup>

Public sector expansion was also a by-product of what Jahangir Amuzegar has referred to as the growth in the 'petro-culture'. In his view, oil windfalls make national citizens essentially dependent on the state and, at the same time, expectant of a 'cradle-to-grave' service by their governments and their ruling families. And as the volume of the these oil windfalls is extremely large, the citizens are likely to develop the belief that public goods and services – which in 'conventional' countries come at a heavy national and socio-economic price – should be provided free of charge or at a minimum cost.<sup>81</sup> In fact, in the oil 'rentier state' – (where, as mentioned, the state is paid by the oil rent and society is supported by the state through the distribution or allocation of such a rent) - generosity (as opposed to accountability) is the essential virtue of the ruler.<sup>82</sup> This mindset, therefore, 'gradually [weaken] the traditional work ethic among native populations, [reduce] incentives for risk taking, hard work and independent entrepreneurship, [lower] natural tolerance for temporary deprivation and austerity, [encourage] rent-seeking activities and [raised] popular expectations beyond reasonable means of satisfying them'.<sup>83</sup>

**Table 1.1** Composition of Major Producing Consortia in the Middle East before 1972

Consortium	Kuwait Oil Company (KOC)	Iraq Oil Company	Arabian American Oil Company (ARAMCO)	Abu Dhabi Marine Areas (AMDA)	Iranian Consortium
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<sup>78</sup> *Ibid.*, p. 54.

<sup>79</sup> *Ibid.*, p. 54.

<sup>80</sup> Ashley Smith, 'Imperial Roots of Iraq's Sectarian Violence', *Socialistworker.org*, November 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>, accessed on 05/05/2014.

<sup>81</sup> Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 54.

<sup>82</sup> Matthew Gray, 'A Theory of Late Rentierism in the Arab States of the Gulf', Center for International and Regional Studies School of Foreign Service in Qatar, 2011.

<sup>83</sup> Jahangir Amuzegar, *Managing the Oil Wealth: OPEC Windfalls and Pitfalls*, (London: I.B. Tauris, 1999), p. 217.

British Petroleum	50	23.75	66.6	40
Royal Dutch Shell		23.75		14
Standard Oil New Jersey		11.875	30	7
Standard Oil California			30	7
Texaco			30	7
Mobil		11.875	10	7
Gulf	50			7
CFP		23.75	33.3	6
Others		5		5

Source: adapted from E. T. Penrose, *The Large International Firm in Developing Countries: The International Petroleum Industry*, (Cambridge, MA: MIT Press, 1967).

**Table 1.2** Income from Oil, 1957-66 (\$million)

	1957	1959	1961	1963	1966
Iran	213	263	301	398	607
Iraq	137	243	266	308	394
Kuwait	338	405	464	555	680
Saudi Arabia	323	315	396	489	805
Others (Abu Dhabi, Bahrain, Qatar)	57	69	70	83	208

Sources: OPEC, Annual Statistical Bulletin (various years); Europa Publications, *The Middle East and North Africa* yearbook (various years).

**Table 1.3** Income from Oil, 1967-75 (\$million)

	1967	1969	1971	1973	1975
Iran	752	922	3,494	5,617	19,634
Iraq	365	480	1,083	1,842	8,227
Kuwait	715	760	2,412	3,574	8,593
KSA	903	950	3,803	8,956	29,473
Qatar	105	118	304	612	1,754
UAE	300	500	842	1,740	6,806

Source: OPEC, *Annual Statistical Bulletin* (various years)

## 1.7. The 2000's Change

Evidence suggests that since the turn of the century regional rivalries have intensified and the nature and balance of these rivalries have dramatically changed. It is significant that different observers conducting different analyzes have all remarked such a change: no matter what they are looking at, they all underline some significant switch.

As previously mentioned, Toby Matthiesen is one of them. In his view, the Arab Spring and the Iraqi events following the 2003 American invasion have contributed to a 'new sectarianism' in the Gulf. Amongst the Gulf Sunni monarchies, Shi'a Iran, he argues, is now viewed, more than ever, as an 'infidel arch-rival'.<sup>84</sup> In fact, because of the interpretation that dominates Saudi public discourse, the *Wahabiyya*, Saudi Arabia is globally the center of doctrinal anti-Shiism. *Fatwas* and pamphlets against the Shi'a and other alleged heretical sects have been produced by leading Saudi clerics since the early twentieth century and in Saudi Arabia are widely

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<sup>84</sup> Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford University Press, 2013), p. xii-xiii.

disseminated.<sup>85</sup> To understand such dynamics, some history here can be extremely helpful.

Muhammad Ibn Abd al-Wahhab, a religious scholar from the central Arabian Najd region, had been the founder of the *Wahhabiyya*. In the mid-eighteenth century, he would establish close relations with the al-Sa'ud dynasty.<sup>86</sup> The *Wahhabi* ideology would seek to purify Islam by removing what was perceived as a deviation from true Islam, harmful and shameful for pure believers.<sup>87</sup> The preferred targets for their religious passion were Shi'a Muslims, unsurprisingly, given the traditional historic divisions within the Muslim community. Al Sa'ud dynasty, on the other side, had also its own enemy: notably, the inhabitants of the East of Arabian Peninsula, a remarkably fertile area, which the Saudis had repeatedly tried to conquer, and had been part of the Saudi realm since they expelled the Ottomans in 1913.<sup>88</sup> Curiously, many of those living in the East of the Arabian Peninsula were Shi'a. And when the Saudi rulers became *Wahhabi*, the East Province Shi'as became the enemies number one.

Anti-Shiism is one of the fundamentals of the *Wahhabi* interpretation of Islam and, still today, one of the domestic and foreign policies of the Saudi state. Because of Saudi's central position in the Muslim world as home of the two holy places of Islam, Mecca and Medina, and because of the strength of the Saudi state and consequently, of the Saudi media empire and public opinion, anti-Shi'a sentiments gained importance way beyond Saudi Arabia, influencing *salafi-jihadi* groups and fueling sectarian violence.<sup>89</sup>

In 1922 King Abdulaziz bin Abdulrahman Al-Sa'ud would make an encounter that was to change the destiny of the Saudi Kingdom, for ever. He met a New Zealand mining engineer, Major Frank Holmes, who during the First World War had been to Gallipoli and Ethiopia and had heard rumours about oil seeps in the Arabian Gulf region. He was convinced that much oil would be found throughout that area.<sup>90</sup> After some attempts, in 1933 King Abdulaziz granted Standard Oil of California (SoCal) - later renamed Chevron - the right to prospect for oil in the Kingdom. And very soon after, in 1938, large quantities of oil were to be found in the

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<sup>85</sup> *Ibid.*, p. 21.

<sup>86</sup> Nabile Mouline, *Les clercs de L'Islam: autorité religieuse et pouvoir politique en Arabie Saoudite, XVIIIe-XXIIe siècle*, (Paris: Presses Universitaires de France, 2011).

<sup>87</sup> David Commins, *The Wahhabi Mission and Saudi Arabia*, (London: I.B. Tauris, 2006).

<sup>88</sup> Guido Steinberg, *Religion und Staat in Saudi-Arabien: Die Wahhabitischen Gelehrten 1902-1953*, (Würzburg: Ergon Verlag, 2002), pp. 484-505.

<sup>89</sup> Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford University Press, 2013), p. 21.

<sup>90</sup> Jane Waldron Grutz, 'Prelude to Discovery', *SAUDI Aramco World*, January-February 1999, <http://www.saudiaramcoworld.com/issue/199901/prelude.to.discovery.htm>, accessed on 06/05/2014.

Dammam Dome near the Arabian Gulf.<sup>91</sup>

By the time oil was discovered, the *Wahhabi* clergy had overseen religious affairs and education, seeking to enforce public morality through a religious police. The emerging Saudi state had conquered in 1934-25 the holy cities of Mecca and Medina, and *fatwas* and pamphlets against the Shi'as were continuously produced by Saudi *Wahhabi* clerics.<sup>92</sup> Ironically enough, the world's largest oil reserves were to be found in Saudi Arabia, a *Wahhabi*-dominated state, in an area, the East Province, largely inhabited by *Wahhabi*-enemies, the Shi'a Muslims. In fact, most of the oil reserves in Saudi Arabia – which by itself accounts for one quarter of the world's known oil reserves, more than 260 billion barrels, being the world's largest producer and exporter of oil – are still located in the Eastern Province.<sup>93</sup> And the Eastern Province, as said, was mainly inhabited by Shi'as.

Deemed by the State as infidels, the Eastern Province Shi'as would be suspected of harboring foreign sympathies: after the discovery of oil, in many occasions throughout the history, they would be accused of being agents for the Ottoman Empire, Iraq, Syria, Nasser's Egypt, the Soviet Union and, of course, Iran.<sup>94</sup>

In the early 1980s, at the time of the Iranian revolution, a Shi'a uprising in the Eastern Province would break out. The revolt would get lots of support in the villages: despite the region's richness in oil, in fact, poverty was widespread and services poor. Moreover, the negative impacts of the oil industry on the environment were there felt more vividly: sinking water levels and poisoned soils were damaging agricultural production. The uprising, however, were crushed by the Saudi National Guard, and it would cause several dozens of casualties.<sup>95</sup>

The group responsible for the Eastern uprising would become known as *shirazis*, named after

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91 Royal Embassy of Saudi Arabia, 'The story of oil in Saudi Arabia',

<http://www.saudiembassy.net/about/country-information/energy/oil.aspx>, accessed on 06/05/2014.

92 Guido Steinberg, 'Jihadi-Salafism and the Shi's: Remarks About the Intellectual Roots of Anti-Shi'sm', in *Global Salafism: Islam's New Religious Movement*, ed. Roel Meijer, pp. 107-125, (London/New York: Hurst/Columbia University Press, 2009).

93 Royal Embassy of Saudi Arabia, 'The story of oil in Saudi Arabia',

<http://www.saudiembassy.net/about/country-information/energy/oil.aspx>, accessed on 06/05/2014.

94 Guido Steinberg, 'The Wahhabiyya and Shi'sm, from 1744/5 to 2008', in *The Sunna and Shi'a in History: Division and Ecumenism in the Muslim Middle East*, ed. Ofra Bengio and Meir Litvak, pp. 163-182, (New York: Paalgrave Macmillan, 2011).

95 Toby Craig Jones, *Desert Kingdom: How Oil and Water Forged Modern Saudi Arabia*, (Cambridge, MA: Harvard University Press, 2010), pp. 179-216.

Grand Ayatollah Sayed Muhammad Al-Shirazi.<sup>96</sup> In the following years, hundreds of young Saudi Shi'a left the Eastern Province to join the *shirazi* movement in Iran. After Kuwait was rocked by a bombing campaign carried out by Shi'a Islamist militants, and the *shirazi* wing in Bahrain attempted a coup there in 1981, 'the notion of the Shi'a as a fifth column of Iran, of an enemy within that secretly works to undermine the country, became key in the strategic thinking of Gulf rulers'.<sup>97</sup> Shi'a Muslims were enemies of the State. Anti-Shi'a incitement and discrimination would spread across the country. After the First Gulf war, however, something was to change. Sunni Islamists known as the *Sahwa* began publicly voicing criticism of the ruling family. Their opposition was massive, their strength considerable. Gradually, they started surpassing the Shi'as as a main source of concern for the Saudi regime.<sup>98</sup>

In Toby Matthiesen's view, this change of Saudi perceptions of threat would become dramatic only after 9/11. His remark is extremely interesting as coincides with Anoushiravan Ehteshami's observations. Matthiesen, in fact, recalls that after 9/11, with the start of a serious bombing campaign by al-Qaeda in the Arabian Peninsula in 2003, the al-Sa'ud started to consider al-Qaeda as their main threat and enemy.<sup>99</sup> Interestingly, although the interests and objectives of the two players are so radically different, Shi'a population and Sunni Islamists, in Saudis' mind, conflated, and Iran threats to Saudi Arabia remained a key concern for Saudi royals.

In 2006, a diplomatic cable quoted a Saudi Prince as saying to Frances Townsend, assistant of the US President for Homeland Security and Counter-terrorism, that in the event of a war with Iran, 'Iran might use missiles against oil facilities, as well as attacks by both al-Qaeda and the "mini-Hizbillah" in the Eastern Province'.<sup>100</sup>

As for the above mentioned case of the Muslim Brotherhood, this is evidence of the fact that such perceptions of threat have nothing to do with religion or ideology: they are instead a mirror of the struggle for supremacy in the region and the consequent paranoia which obsesses these regimes.

As briefly mentioned, conducting a different study and observing different elements,

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96 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford University Press, 2013), p. 23.

97 Joseph Kostiner, 'Shi'a Unrest in the Gulf', in *Shi'ism, Resistance, and Revolution*, ed. Martin Kramer, pp. 173-186, (Boulder, CO: Westview Press, 1987).

98 Stéphane Lacroix, *Awakening Islam: The Politics of Religious Dissident in Contemporary Saudi Arabia*, (Cambridge, MA: Harvard University Press, 2011).

99 Thomas Hegghammer, *Jihad in Saudi Arabia: Violence and Pan-Islamism Since 1979*, (Cambridge: Cambridge University Press, 2010).

100 From Embassy Riyadh to Secretary of State, May 14, 2008, 08RIYADH768.

Anoushiravan Ehteshami has got to very similar conclusions. What is remarkable here is that they both somehow confirm this thesis' hypothesis. They both point out dramatic changes since 9/11 and they both mention the role played by sectarian identities in the region.

Ehteshami notices that since 9/11 regional rivalries have intensified. 9/11, in his opinion, 'acted as a second catalyst for the deepening of regional rivalries. It exposed the leading pro-Western Arab state of Saudi Arabia and its local allies to charges of anti-Americanism as it precipitated American military action in the region'.<sup>101</sup> After 9/11 Riyadh would find itself forced to defend its national policies and, most importantly its support to the Taliban regime in Afghanistan, being one of only three countries to have recognized the Taliban government. In Ehteshami's words, Riyadh was 'in shock'.<sup>102</sup> And it did make sense, because its weakened position would open up its strategic space for the non-Arab states to enter. Iran, Israel, Turkey, 'all began to feature more prominently in regional machinations after 9/11, though in very different ways'.<sup>103</sup>

As Ehteshami argues, the other dimension which contributed to the 2000s change concerned Iraq itself. For some decades Iraq had been the 'eastern gateway of the Arab world'.<sup>104</sup> After 1980, however, its role had changed dramatically. In a single decade, led by a bloody and paranoid dictator, it unleashed its military might in two aggressive military campaigns. The result of both of them was to be disastrous. A much weakened Iraq was to face up to the erosion of its traditional role as the 'Arab East's decisive power'.<sup>105</sup> Significantly, in Ehteshami's analysis, the power vacuum that Iraq's gradual demise in the 1990s created, did not necessarily mean erosion of the Gulf Shi'a axis. Instead, he cogently argues, 'an Arab region without a heartland soon became an atomized and fractured region, vulnerable to the influence of others. Slowly but surely the regional balance of power moving away from the great Arab powers and shifting toward such countries as Iran and Saudi Arabia'.<sup>106</sup>

Thus, when the US intervened in Iraq in 2003, profound changes were already modifying the strategic map of the region. It is difficult to evaluate what the Gulf future would have looked like if the Americans had not invaded Iraq. What is certain is that Iraq's invasion and the

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101 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 39.

102 *Ibid.*, p. 39.

103 *Ibid.*, p. 39.

104 *Ibid.*, p. 39.

105 *Ibid.*, p. 40.

106 *Ibid.*, p. 40.

subsequent removal of Saddam regime, seriously aggravated regional rivalries and changed dramatically the *status* of Iraq, Iran and Saudi Arabia. Iraq, from a bastion Sunni-dominated political order in the region would switch to a Shi'a-ruled state – 'emotionally, politically and ritually close to neighboring Iran'.<sup>107</sup> Paradoxically, the geopolitical outcome of the American adventure was that 'non-Arab Shi'a Iran had literally overnight acquired an unrivaled asset in the Arab world and a voice and a presence in the historically and strategically important Iraq. The Arabs “eastern gateway”, which Saddam Hussein had so painstakingly strengthened in order to check Iran's geopolitical weight, had suddenly become the paved highway for Teheran to spread its influence and unique brand of political Islam to the heart of the Arab world'.<sup>108</sup>

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107 Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf, Political Economy, War and Revolution*, (Oxon: Routledge, 2013), p. 40.

108 *Ibid.*, p. 40.

## 1.1. Introduction – The Fallacy of the Ethno-sectarian Paradigm

Ethno-sectarian lines have shaped Iraq's political fractiousness since the fall of Saddam Hussein in April 2003. Ethno-sectarian justifications have been given for millions of deaths, mass killings and suicide bombings. This is beyond doubt: ethno-sectarian violence in Iraq – and broadly speaking, in the Arab world – is a plague which has resulted in many thousands of innocent victims. As illustrated in the previous chapter, the ethno-sectarian model is then fundamental when analysing not only the instability and violence of Iraq post-regime change but also the mindset of Iraq's decision makers. However, though important, it is not the only framework within which to understand Iraqi politics. Iraqi society is not – and never has been – so simple.<sup>109</sup>

International approach towards Iraq has always been shaped by 'the myth of eternal sectarianism'.<sup>110</sup> As Raad Alkadiri has said, 'this framework of analysis is an article of faith among Western policy-makers, particularly in Washington'.<sup>111</sup> Iraq was seen as a new Bosnia. 'Bosnia was torn apart by ethnic cleansing and facing its demise as a single country (...) The Dayton Accords (...) kept the country whole by, paradoxically, dividing it into ethnic federations (...) With the help of Americans and other forces, Bosnians have lived a decade in relative peace (...) Now the Bush administration, despite its profound strategic misjudgments in Iraq, has a similar opportunity'.<sup>112</sup>

In fact, when Western observers started talking of 'maintaining a united Iraq by decentralizing it',<sup>113</sup> giving each ethno-religious group – Sunnis, Shias and Kurds - their own 'portion' of institutions, the idea of establishing a new order based on an explicit ethno-sectarian division of power was not new to US policy-makers in Iraq. Americans did not find themselves in the middle of an unexpected ethno-sectarian civil war all of a sudden. By pursuing the de-Ba'athification process of removing the senior echelons of the Saddam regime and installing at the heart of power the Shia and Kurdish groups that had been exiled during Saddam, they had

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109 Raad Alkadiri, 'Oil and the Question of Federalism in Iraq', *International Affairs*, Volume 86, Issue 6, November 2010, p. 1315.

110 Ashley Smith, 'Imperial roots of Iraq's sectarian violence', *socialistworker.org*, November, 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>.

111 Raad Alkadiri, 'Oil and the Question of Federalism in Iraq', *International Affairs*, Volume 86, Issue 6, November 2010, p. 1316.

112 Joseph R. Biden Jr and Leslie H. Gelb, 'Unity Through Autonomy Through Iraq', *nytimes.com*, May, 1, 2006, [http://www.nytimes.com/2006/05/01/opinion/01biden.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2006/05/01/opinion/01biden.html?pagewanted=all&_r=0).

113 Joseph R. Biden Jr, 'A Plan to Hold Iraq Together', *washingtonpost.com*, August, 24, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/23/AR2006082301419.html>.

defined Iraq in ethno-sectarian terms,<sup>114</sup> contributed to ethno-sectarian divisions and, to a certain extent, to ethno-sectarian violence.<sup>115</sup> 'They are trying to plant a civil war. Do not let them drag you into it. (...) Do everything to resist the American idea called democracy'.<sup>116</sup> The already mentioned words of Moqtada al-Sadr should now sound very meaningful.

Iraqi sectarianism was analysed in depth in the previous chapter because it is an important factor in shaping Iraqi political and economic framework. Yet, as said, it is not the only one and such a 'superpowers' predilection for an ethno-sectarian reading of Iraqi politics,<sup>117</sup> that threatened, if not really damaged, peace and stability in post-invasion Iraq. Ideology, nationalism, competition between parties and personalities, the influence of Iraq's neighbours and the way Iraqi parties interact with such neighbours, all these elements play an equally significant role. The unresolved dispute over the issue of federalism for instance, the failure to reach a broadly accepted adjustment over the role of the central government and the interplay between federalism and decision-making in the oil and gas sector, all show that alternative frameworks of analysis are necessary.<sup>118</sup>

In order to pursue the final objective of this work - the analysis of Iraq's oil politics as a case study of the current global oil market and the role of ISCI - this chapter will need to analyse such elements by using such alternative frameworks.

## 1.2. The Origins of Iraq's New Ruling Elites

In order to understand Iraq today, its political and economic framework, its role in the region and the role played by its different Shia parties, it may be necessary to start from the origins of Iraq's new ruling elites. When exploring the political scenario of a country that had been ruled by a despotic regime, the legacy of such a regime cannot be forgotten. The new Iraqi elite is an elite who spent years away from Iraq and, when it went back, found a country occupied by external forces. Analysing their ability to rule a country and their capacity to collaborate in

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114 Raad Alkadiri, 'Oil and the Question of Federalism in Iraq', *International Affairs*, Volume 86, Issue 6, November 2010, p. 1317.

115 Ashley Smith, 'Imperial roots of Iraq's sectarian violence', *socialistworker.org*, November, 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>; also Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>.

116 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>.

117 Reidar Visser, 'Taming the Hegemonic Power: SCIRI and The Evolution of US Policy in Iraq', *International Journal of Contemporary Iraqi Studies*, Vol. 2, No. 1, 2008, p. 31.

118 Raad Alkadiri, 'Oil and the Question of Federalism in Iraq', *International Affairs*, Volume 86, Issue 6, November 2010, pp. 1315-1328.

what was supposed to be a multi-party democratic environment<sup>119</sup> is going back in time to the Ba'ath era and exploring the impact this period had on their psychology. At the same time, it is also an evaluation of Western responsibilities and probably the worst mistakes made by the American forces.

When looking in depth at how the new Iraqi state was conceived and constructed, especially at the early stages, the key protagonists who need to be analysed are not the exile opposition movements that will eventually constitute the postwar Iraqi ruling parties. They are instead the Bush and Blair governments, external narrators who will weave the story with their chosen cast of actors to play out the unfolding events that would set the stage for the new Iraq.

For decades during the Saddam regime, the US and the UK had developed strong relations with the Iraqi exile and opposition groups. These relations, however, would be characterized by strong ambivalence; an ambivalence, which would sadly contribute to the negative outcome of the 2003 invasion.

The British had been maybe more consistent in their hostility to the Ba'ath party. Put simply, the monarchy they had installed in Iraq had been brutally overthrown. Later, with the completion of oil nationalization by 1972, the UK had been completely expelled from the oil market. The British could do little about this. They just cultivated allies among Iraqi exiles and enrolled informants from among the Ba'ath party's own ranks.

The Americans conversely, had been more contradictory towards Ba'athist Iraq. When Iraq was at war with one of the major enemies of the US in the region, the Islamic Republic of Iran, the US would even expel Iraqi exiles just to please Saddam Hussein. It was only after the Iraqi invasion of Kuwait in 1990 that they aligned their position to the UK's one. They would then maintain regular contacts with the opposition groups and provide funding and logistical support.<sup>120</sup>

From the Iraqi exiles' side, a very simple element would make those relations even more controversial. The majority of Iraqis living outside the country before 2003 had nothing to do with the opposition. In fact, they wanted nothing to do with the opposition. Most opposition groups would not claim allegiance to a clear ideology. They were almost nothing more than a

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119 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), 18.

120 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 40.

narrow group of individuals defending their own interests.<sup>121</sup> Someone like Ahmed al-Chalabi, for instance, Iraqi National Congress (INC) leader, was just the scion of a wealthy family of Baghdadi traders who had developed their banking business from European and Arab countries. Given their business, for a couple of decades, Ahmed and his family had enjoyed excellent financial relationships with Western capitals. When in the late 1980s their Jordan-based Petra Bank had gone bankrupt, Ahmed had left the country in disgrace and reinvented himself as a politician and founded the INC.<sup>122</sup> Given his previous contacts, it was not difficult for him to obtain millions of dollars of funding from US and UK policy makers. Its accounts were often considered 'questionable' or 'unsupported'<sup>123</sup> but that did not seem to really matter. Besides him, many amongst those who actively cooperated with the opposition did so either because of family ties or because they had been promised senior positions in post-Saddam Iraq. 'It was simply the best professional and financial opportunity that was open to them',<sup>124</sup> Zaid al-Ali would comment. It should not be surprising if the majority of people who took over Iraq after the 2003 war were mainly corrupted and unqualified. Following the wave of exiles back to the country, depraved and unprepared individuals would infiltrate the new political scenario and governance of Iraq.<sup>125</sup>

When the US were preparing for war, they obviously meant to rely on those exiles who had nurtured strong ties. They needed useful sources of information, wanted to keep the criticism of the occupation to a minimum and, most importantly, needed them politically. The occupation could not last forever. Masking their presence in the aftermath would have not been easy if the Americans had not nourished such relations. However, the exile community was not a compact, consistent block. Different movements and individuals were part of it. In the immediate aftermath of the invasion, Americans needed to openly support those who would politically consolidate themselves very easily. That was anything but simple. Free elections had never taken place in Iraq. It was almost impossible to evaluate the exile groups' popularity in the country. Many of the opposition groups had in fact been founded abroad or

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121 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 44.

122 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 40.

123 United States Department of State and the Broadcasting Board of Governors, Office of Inspector General, 'Review of Awards to Iraqi National Congress Support Foundation', Report Number 01-FMA-R-092, September 2011.

124 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 43.

125 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 44.

had developed and changed considerably during the time of the exile (Ahmed al-Chalabi and his INC is a good example of this)<sup>126</sup>.

Americans and British, therefore, had to choose just a select few from within the exile community. The 'chosen' ones would receive preferential treatment and would occupy, with international help and visibility, the political scene.

At the root of the negative outcome of the 2003 war, different issues and various mistakes are to be found. The criteria used to choose certain 'preferred' candidates are one of them. Some parties were chosen because of their supposed broad social base in Iraq. That was a valid criterion, if the Americans had really known Iraq before occupying it. Others were selected because of their strong ties with other nations. That was equally valid but certainly had its own 'side effects'. Iran, one of the major powers in the region - powerful as well as intimidating - would ever deploy its influence in Iraq to achieve its objectives; the Iraqi state and military, for instance, should never again be used to threaten Iranian interests. Other groups, which did not fit such criteria but still appear essential to the US, were chosen because of their ideologies. When their ideologies seemed compatible, they seemed also pliant and easily governable.

ISCI is a perfect example of all this. Given the relevance of such a major player in this narrative, ISCI will be scrutinized in more detail later on. It is enough to say at this point is that one of 'the 'greatest paradoxes of US policy in Iraq (...) [was] the choice of a favoured Shia partner – The Supreme Islamic Council for the Islamic Revolution in Iraq'.<sup>127</sup> Founded in Tehran in 1982, with the only purpose of boosting Iran's influence on the Iraqi opposition during the Iran-Iraq war, ISCI has been unrivalled in terms of the longevity of its ties with its Iranian origins. It has a historical record of subservience to the office of Iran's leader, Ali Khomeini, and was created to unite Iraqi Shia Islamists so that Tehran could easily install a regime fashioned after its own Islamic republic.<sup>128</sup> Given Washington's declared aims of eliminating Iranian power – globally, regionally and in Iraq, it is hard to evaluate the reasons for such a bizarre choice. Zaid al-Ali interprets ISCI's international popularity as related to its 'well-oiled public relations machine' which 'conveyed an air of confidence and dominance'.<sup>129</sup>

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126 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), pp. 39-41.

127 Reidar Visser, 'Taming the Hegemonic Power: SCIRI and the Evolution of US Policy in Iraq', *International Journal of Contemporary Iraqi Studies*, Vol. 2, No. 1, 2008, p. 31.

128 Reidar Visser, 'Taming the Hegemonic Power: SCIRI and the Evolution of US Policy in Iraq', *International Journal of Contemporary Iraqi Studies*, Vol. 2, No. 1, 2008, p. 33.

129 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 41.

Indeed, their 'oil power' (elements of which will be investigated later on) did lead ISCI to being granted exceptional access to various influential platforms, both nationally and internationally. ISCI's leaders had in fact been regularly participating in high-level meetings with the US. Other possible reasons also stand out. Primarily, as Reidar Visser has indicated, 'the predilections of Western governments for an ethno-sectarian reading of Iraqi society',<sup>130</sup> which ISCI has been a master at exploiting. ISCI's extremely sectarian policies, paradoxically, made Washington think that ISCI would clean up the façades and restore a sense of security in Iraq. Toby Dodge had been quite laconic when asked 'why such a bizarre alliance'. 'Very simply' – he answered – 'Americans thought ISCI could provide stability'.<sup>131</sup>

Two other parties which enjoyed very good relations with the US were also the two main Kurdish parties. In this case, the US thought, and to a certain extent were undoubtedly right, that the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) represented a large section of Iraq's population. The truth is that KDP and the PUK during the 1990s had gained a considerable amount of experience in dealing with Westerners. As illustrated previously, by the early 1990s they had almost entirely established their own independent state in Iraq's three northern provinces and by 2003 they were probably the most sophisticated and organized political groups in the country. As will be later illustrated and discussed, they insisted that a relevant portion of the oil revenues would be invested in their region. They succeeded in this and also managed to integrate their territory with Kirkuk province and other oil-rich regions.<sup>132</sup>

The Iraqi National Congress (INC) and The Iraqi National Accord (Wifaq) responded to the model of ally-parties which, prior to 2003, were practically irrelevant. Neither had any following to speak of in Iraq before the 2003 war but, for incidental reasons, they were still picked up.

Wifaq was founded in London in the early 1990s as a secular, nationalist group of former Ba'athist, dissident military officers and professionals. Ayad Allawi emerged as its leader. He was part of Baghdad's privileged elite, had joined the Ba'ath party very young (and rumours

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130 Reidar Visser, 'Taming the Hegemonic Power: SCIRI and the Evolution of US Policy in Iraq', *International Journal of Contemporary Iraqi Studies*, Vol. 2, No. 1, 2008, p. 31.

131 Interview with the author, 03/04/2014.

132 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), pp. 41-42.

say he used his position to complete university), had moved to the UK and defected. Throughout the 90s, he had received considerable material and financial support from the US and Gulf countries and by 2003 had gained the privileged status of favoured US partner.<sup>133</sup>

Like Wifaq, the INC had long been dependent on a single leader, the already mentioned Ahmed al-Chalabi. Enough has been introduced about him here to understand the nature of such a party. Significantly, despite the strong support from abroad, al-Chalabi has been defined 'Iraq's perennial loser'.<sup>134</sup> He was never able to win a single seat in parliament. American lack of knowledge of the Iraqi political scene seems to have been the main factor behind such support. During its time in exile, the INC had generally adopted liberal and secular positions. After 2003, probably due to the current climate of the country, it switched to more explicitly Shia Islamist politics.<sup>135</sup>

The Islamic Dawa Party, which would later play a significant political role, corresponded to a category of organizations that were supported by the US in the aftermath of the invasion but, prior to 2003, did not officially receive any material support from them. In fact, the Dawa, despite being the oldest of Iraq's Shia parties, had long been considered and treated as a second-tier player. The same could be said about the Iraqi Islamic Party (IIP). Although it did not feature among the US's privileged partners until the time of the invasion, it was invited to participate in the country's new governance structure. Its fortunes, however, declined around 2009. In the immediate post-2003 political spectrum, the Dawa did not enjoy any privileged relations with foreign nations and many schisms within the party had significantly reduced its membership. Yet ironically, in the 2005 political stalemate, when the major Iraqi parties were not able to negotiate and elect a prime minister, Dawa's fortunes arose as consequence. Ibrahim al-Jafaari, its leader at that time, was chosen to hold that position and in 2006 would be followed by Nuri al-Maliki.

Nuri al-Maliki and his 'irresistible rise';<sup>136</sup> Nuri al-Maliki, 'the new Saddam';<sup>137</sup> Nuri al-Maliki,

133 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 44.

134 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 43.

135 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), pp. 42-44.

136 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 157.

137 Tareq al-Hashemi, Iraqi Vice President, quoted in 'Exclusive: Iraqi Vice President: Maliki is Becoming a New Saddam', *foreignpolicy.com*,

'an inefficient dictator',<sup>138</sup> his centrality and significance for 'here and now' Iraq cannot be dismissed. At present however it is enough to point out the irony of such an 'irresistible rise'. Returning to Iraq in 2003 with relatively modest ambitions, by fortune of circumstance he finds himself appointed as an 'alternate member' of the Governing Council, one of the most senior positions in new Iraq at the time, having had very little experience in a minor government office and 'twenty-three years of failure and time wasted in exile'.<sup>139</sup>

Nuri al-Maliki was born in Abu Gharaq in 1950. He studied religion and Arabic literature at Baghdad university, and whilst still a student in the late 60s, he joined the Dawa party. Working for a time as a lowly employee in a government office in al-Hilla, he was later forced into exile in Iran in 1979 and lived in a military camp near the Iraqi border. In 1991, due to his failings against the Ba'ath, and consequently being completely sidelined by the Iranians, he ended up in Damascus, where he was responsible for Dawa's daily affairs. He would seem apparently, never busy with anything in particular and, when responsible for maintaining relations with the Iraqi opposition in Syria, good at remaining calm and composed at all times.<sup>140</sup> Although initially opposed to the US occupation, when Dawa realized that most of the other parties had decided to collaborate, its attitude towards Americans changed considerably and very early on. Despite his lack of experience and achievements until that point, al-Maliki was appointed by the US for the Governing Council. Later in 2006, he would become prime minister. In 2010 he would be re-appointed. In 2014 ADD A LINE AFTER APRIL ELECTIONS' RESULTS.

To conclude, Iraqi exile groups were all characterised by very different backgrounds. Yet, they had so much in common. They were the by-product of a very particular historical moment. A historical moment that literally catapulted them into power after years of humiliating exile and forced relations with external powers, on which they had depended for years to survive. It did not really matter whether they were qualified, prepared or not, a political vacuum had to be filled and they were there to do it. And the legacy of Saddam's regime would be tragically evident in a number of factors: they were conspiratorially minded to begin with. Paradoxically, they were far more comfortable in an atmosphere of distrust, intrigue and conspiracy. For them, that was what politics was about. It should not be surprising if later on they would waste

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[http://www.foreignpolicy.com/articles/2011/12/22/iraqi\\_vice\\_president\\_maliki\\_becoming\\_new\\_saddam](http://www.foreignpolicy.com/articles/2011/12/22/iraqi_vice_president_maliki_becoming_new_saddam).

138 Professor Andrea Margelletti, Director of Ce.S.I. (Centro Studi Internazionali), interview with the author, 15/04/2014.

139 Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 54.

140 Interview with Zaid al-Ali, cited in *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 54.

time engaging in pointless arguments instead of facing up to the real political concerns. As will be later seen, they would desperately struggle to reach agreements over vital issues, such as the role of the central government, federalism and the hydrocarbon law. Most importantly, given the nature of the 'regime-change' itself - based as it was on an armed occupation - being part of the new government meant collaborating with such an occupation. That required a high degree of moral compromise and willingness to make profound moral concessions to gain power. 'Instead of being inspired by a new Mandela-like figure, ordinary Iraqis found a cohort of incompetent operators foisted on them from without'.<sup>141</sup> Such a low moral profile, in the context of a civil war which would rage in Iraq from very early on, would have, as observed in the previous chapter, catastrophic consequences. As a reminder, it was the American administration's incompetence that attracted corrupted and unqualified officials. Collaborating with the US required them to ignore the fact that the entire basis for the war was suspect. Collaboration meant forgiveness for various brutal policies that the US had carried out in Iraq for decades: US support for Saddam Hussein in the Iran-Iraq war and subsequent expulsion of Iraqi exiles just to please him; the 1991 destruction of Iraq's civilian infrastructure and the misery and suffering imposed on ordinary Iraqis by international sanctions. Ongoing violence, torture and other crimes meant that those who collaborated with the Americans had to justify their collusion not just to themselves but also to their own communities. In the context of the civil war that would shortly break out, this would make the situation even more dramatic.<sup>142</sup>

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Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), p. 49.

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Zaid al-Ali, *The Struggle for Iraq's Future. How Corruption, Incompetence and Sectarianism Have Undermined Democracy*, (Yale: Yale University Press, 2014), pp. 47-50.

# Chapter III - Instability and Violence in Iraq Post Regime Change

## 3.1. The Issue of Sectarianism

On 27 February 2006, Mounthir Abbas Saud was taking a scroll in the Karrada district of Baghdad. He was rolling a cigarette when a powerful car bomb exploded a couple of kilometres away from him. The explosion would wrench his right arm off his body, rip off his jaw and spray shrapnel into his lower intestines.<sup>143</sup>

He must not have felt too astonished when the ambulance took him to Ibn al-Nafis Hospital, a major medical center there. He must not have because by the time the 43-year-old mason was horribly wounded by that bomb, Baghdad had already precipitated into the nightmare of the civil war. A sectarian civil war which, from 2003 to 2006, had caused the death of 34,452 civilians.<sup>144</sup> What Mounthir probably did not think of, however, was that when he arrived to the clinic, *his* nightmare had only just began.

A few days later, armed Shi'a Muslim militiamen got into the hospital. They dragged Mounthir to the ground, snapped intravenous needles and a breathing tube out of his body and loaded him into an ambulance. They took with him his brother Khodair and his cousin Adil Aboud Saud, and drove away. Mounthir's bullet-riddled body would be found later, his mouth stuffed with dirt. He was found in Sadr City, a Shi'a slum controlled by the Mahdi Army, one of the major sectarian death squads. Mounthir's brother's and cousin's bodies were never found. Hazim Saud, one of Mounthir's cousins who had witnessed the abductions, was found on March 27 with his hands bound behind his back and a plastic bag over his head. He had been suffocated. Another cousin, Haithem Ali Abbas, a judge in Baghdad, was called one day from the Shi'a-controlled Interior Ministry. He was told Mounthir's brother and cousin had been located so he ran to the ministry's headquarters to pick them up. Once he arrived, he was shot to death by unknown gunmen.<sup>145</sup>

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143 Amit R. Parley, 'Iraqi Hospitals are War's New "Killing Fields"', *Washington Post*, 30 August 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/29/AR2006082901680.html>, accessed on 12/02/2014.

144 Damien Cave and John O'Neil, 'UN Puts '06 Iraq Tool of Civilians at 34,000', *International Herald Tribune*, 17 January 2007.

145 Amir R. Parley, 'Iraqi Hospitals are War's New "Killing Fields"', *Washington Post*, 30 August 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/29/AR2006082901680.html>, accessed on 12/02/2014.

It was not an isolated incident. There is a reason for the destiny of Mounthir and his family. The same reason why in Baghdad during those days, nobody called Omar could walk the streets safely. Omar is a Sunni name. Mounthir and his relatives were Sunni. A couple of months after Mouthir's family massacre, a group of bodies were found with hands folded on their abdomens, right hand over left - the way Sunnis pray.<sup>146</sup> When Mounthir was brutally abducted from the hospital, not many Sunnis in Baghdad would have been surprised. More and more Sunnis at that time were avoiding hospitals. 'We would prefer now to die instead of going to the hospitals' Abu Nasr, 25, Sunni, would comment to a Washington Post journalist, 'I will never go back to one. Never. The hospitals have become killing fields.' Gunshot Sunnis would be treated by nurses in makeshift emergency rooms set up in their homes. Sunni women would give birth in clinics in safer provinces outside of Baghdad.<sup>147</sup>

At that stage of the Iraqi civil war, many Sunnis would obtain false papers with neutral names.<sup>148</sup> Being Sunni at that point did not just mean being a target of Shi'a militias. It could also mean only having access to public hospitals controlled by the Mahdi Army, the death squad led by anti-American Shi'a cleric Moqtada al-Sadr, which, in Dodge's words, 'was the most destructive non state organization striving to impose a victor's peace on Iraq'.<sup>149</sup> In fact, Nouri al-Maliki had received decisive support by the Sadrists in being elected prime minister in 2006 and so had rewarded them with several ministerial positions. By 2006 the Sadr's political movement had infiltrated the Iraqi security forces and many ministerial portfolios. The Minister of Health, Ali al-Shimari, was a member of Sadr's political movement, as was Karim Mahdi Salih. the Minister of Transport. The National Police, the military force controlled by the Ministry of Interior, was 'a tool in the hands of one side of the conflict, and as such was deployed to cleanse Baghdad of its Sunni population.'<sup>150</sup>

'When their uniforms are off, they are Sadr people', Abu Mahdi, another one of Mounthir Saud's cousins would say, 'when their uniforms are on, they are Ministry of Interior or

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146 Nir Rosen, 'Iraq is the Republic of Fear', 28 May 2006 <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/26/AR2006052601578.html>, accessed on 13/02/2014.

147 Amit R. Parley, 'Iraqi Hospitals are War's New "Killing Fields"', *Washington Post*, 30 August 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/29/AR2006082901680.html>, accessed on 13/02/2014.

148 Nir Rosen, 'Iraq is the Republic of Fear', 28 May 2006 <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/26/AR2006052601578.html>, accessed on 13/02/2014.

149 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p.68.

150 *Ibid.*, p.69.

Ministry of Health people'.<sup>151</sup>

However, the Iraqi civil war had started in 2003 and it had not always been like that. The cleansing of the Iraqi Sunni population had not always been the major feature of Iraqi violence, which Nicholas Sambanis, an expert on the causes of civil war, would describe as 'so extreme that it far surpasses most civil wars since 1945'.<sup>152</sup> In fact, the approach of sectarianism to understand Iraq and the Gulf has been highly criticized. Many respectable analysts cogently argued that Iraq, as well as the whole Gulf, has never been quite so simple. That sectarianism is a 'Western myth',<sup>153</sup> 'an article of faith among Western policy-makers, particularly in Washington'.<sup>154</sup>

Together with these analysts, this thesis refuses to explain the Gulf and Iraq simply into sectarian terms. Ideology, nationalism, competition between parties and personalities, the influence of Iraq's neighbors and the way Iraqi parties interact with such neighbors, all these elements play an equally significant role on Iraq society. Moreover, as Marc Valeri said when interviewed for this work, sectarianism has been 'a self-realizing prophecy',<sup>155</sup> more than anything else.

As Toby Matthiesen has illustrated in his last book, 'Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't', sectarianism in the Gulf now, today, is something very different to what it traditionally used to be. 'Majority Shi'a Iran', he argues in his book, 'is viewed as an infidel arch-rival [in the Gulf Sunni monarchies, i.e. Saudi Arabia], although paradoxically followed closely by the Sunni Islamist Muslim Brotherhood, which since its election victories in Egypt and Tunisia has become the other enemy of choice for Gulf elites, who attribute much of the same malicious transnational meddling to the Muslim Brotherhood that they also ascribe to Iran. That the discourse surrounding the alleged meddling of Iran and the Muslim Brotherhood is so similar, even though the interests and allies of the two players are so radically different, nurtures the suspicion that these allegations are often about finding a

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151 Amit R. Parley, 'Iraqi Hospitals are War's New "Killing Fields"', *Washington Post*, 30 August 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/29/AR2006082901680.html>, accessed on 13/02/2014.

152 Quoted in Edward Wong, 'A Matter of Definition: What Makes a Civil War, and Who Declares It So?', *New York Times*, 26 November 2006, [http://www.nytimes.com/2006/11/26/world/middleeast/26war.html?\\_r=1&scp=1&sq=Iraq%20civil%20warEdward%20Wong&st=cse](http://www.nytimes.com/2006/11/26/world/middleeast/26war.html?_r=1&scp=1&sq=Iraq%20civil%20warEdward%20Wong&st=cse), accessed on 13/02/2014.

153 Ashley Smith, 'Imperial roots of Iraq's sectarian violence', *socialistworker.org*, 11 November, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>.

154 Raad Alkadiri, 'Oil and the Question of Federalism in Iraq', *International Affairs*, Volume 86, Issue 6, November 2010, p. 1315.

155 Marc Valeri, interview with the author, 23/05/2014.

scapegoat to deflect popular attention to an external enemy'.<sup>156</sup>

As a consequence of this 'new sectarianism', sectarian violence is increasing across the region. But ascribing to a purely sectarian reading of Gulf societies would not help to see the *strategy* which often belies sectarian political rhetoric. To see that sectarianism is nothing more than the result of a mixture of political, religious, social and economic *elites*, who all use sectarian rhetoric and propaganda to gain their personal objectives. To see that policy makers take their decisions on the basis of a sectarian assessment of politics, think strategically in sectarian terms and consequently shape their foreign policies, although 'these allegations are often about finding a scapegoat to deflect popular attention to an external enemy'.<sup>157</sup>

In late February 2006, Sunni militiamen affiliated with al-Qaeda entered the al-Askari shrine in the Iraqi city of Samarra and set off explosives. The shrine was one of Shi'a Islam's holiest sites, as it is the burial place for the tenth and eleventh imams that are revered by Twelver Shi'a Muslims. Twelver Shi'a are the mainstream of Shi'a Islam and honor twelve imams as successors of the Prophet Muhammad and leaders of the Muslim community after the Prophet's death. The attack caused an unprecedented outrage in the Muslim world. Sectarian violence in Iraq reached levels never seen before. At a regional level, as Toby Matthiesen would report, 'in the discourse of their politicians and in the media, Saudi Arabia and Iran [would become since then] reduced to "Sunni" and "Shi'a" countries that were vying for influence amongst their respective sects in the wider region'.<sup>158</sup>

Due to its enormous impact on the wider region in terms of sectarian identities, and given the relevance of such an issue for a thesis like this one, which aims to explore the emergency of a Shi'a oil market in competition with a Sunni one, the instability and violence in Iraq post-regime change will be thoroughly described and analyzed in this chapter. What will be observed is the Iraqi background of war, UN sanctions, inadequate occupying forces and resultant looting. State collapse and the subsequent security vacuum, which left Iraqi society overrun by opportunist criminals and diffuse forces fighting in the insurgency, will be studied in depth and explained.

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156 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford University Press, 2013), p. xiii.

157 Toby Matthiesen, *Sectarian Gulf. Bahrain, Saudi Arabia, and The Arab Spring That Wasn't*, (Stanford: Stanford University Press, 2013), p. xiii

158 *Ibid.*, p. xiii.

Analyzing the post-invasion instability is going back in time to the Iraq of the early '70s, if not earlier. It requires the evaluation of endemic factors belonging specifically to Iraqi society as well as the analysis of the worst and yet avoidable faults of the US invading forces. Examining the ferocity of the civil war and its causes is fertile ground for uncovering explanations for Iraq's role in the Gulf and Middle East. Simultaneously, it is also a broadening, to a larger extent, of Western responsibilities in the region.

### **3.2. Measuring the Instability of Iraq Post Regime Change**

If one listened to his 10<sup>th</sup> January 2007 speech now, US President George Bush's confident optimism would not sound so convincing. In that televised speech to the American people, President Bush announced the 'surge', a dramatic shift in US policy towards Iraq.<sup>159</sup> A total of 39,000 extra US troops in the midst of Iraqi society and six new benchmarks which the Iraqi government was committed to: responsibility for security in all of Iraq's provinces; passing legislation to share oil revenues; spending \$10 billion of its own money on reconstruction and infrastructure projects; holding provincial elections; reforming de-Ba'athification laws;<sup>160</sup> and 'establishing a fair process for considering amendments to Iraq's constitution'.<sup>161</sup>

After years of sectarian violence, political instability and the complete failure of US troops, what General Jack Keane, Former Vice Chief of US army said at the time of that January 2007 nationwide television broadcast, would now sound much more clear to everyone. 'The fear was palpable; the fear of failure, the fear of defeat'.<sup>162</sup>

'The challenge playing out across the broader Middle East is more than a military conflict. It is the decisive ideological struggle of our time. On one side are those who believe in freedom and moderation. On the other side are extremists who kill the

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159 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 17.

160 *Ibid.*, p.20.

161 President George W. Bush, 'President's Address to The Nation', 10 January 2007, <http://georgewbushwhitehouse.archives.gov/news/releases/2007/01/20070110-7.html>, accessed on 14/02/2014.

162 General Jack Keane, quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

innocent, and have declared their intention to destroy our way of life. (...) It is in the interests of the United States to stand with the brave men and women who are risking their lives to claim their freedom, and to help them as they work to raise up just and hopeful societies across the Middle East'.<sup>163</sup>

With these words, President Bush was desperately defending his military adventure. In the middle of a civil war, he was trying to convince American public opinion that the situation was under control and that the war in Iraq had been unavoidable. To do that, he needed to raise Americans' sentiment that the US go to war only when they are forced to do so, only when it is morally necessary.<sup>164</sup> When it is essential to defend American values, which are, as Bush stated in September 2002, 'right and true for every person, in every society'.<sup>165</sup>

President Bush and Congress were aware of the difficulties the US troops would face in Iraq over the next years. President Bush had then to justify the casualties and the failures which he was expecting to happen.

'I've made it clear to the Prime Minister and Iraq's other leaders that America's commitment is not open-ended. If the Iraqi government does not follow through on its promises, it will lose the support of the American people - and it will lose the support of the Iraqi people. (...) Even if our new strategy works exactly as planned, deadly acts of violence will continue - and we must expect more Iraqi and American casualties!'<sup>166</sup>

Reading this speech today sadly also means evaluating some of the worst mistakes of American policy towards Iraq. That night on 10<sup>th</sup> of January 2007, President Bush was announcing the American collaboration with the Iraqi National Police, which later on would be recognized as one of the most brutal acts of the sectarian cleansing of Iraq's Sunni population.

'The Iraqi government will deploy Iraqi Army and National Police brigades across Baghdad's nine districts. When these forces are fully deployed, there will be 18 Iraqi

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163 President George W. Bush, 'President's Address to The Nation', 10 January 2007, <http://georgewbushwhitehouse.archives.gov/news/releases/2007/01/20070110-7.html>, accessed 14/02/2014.

164 Rashid Khalidi, *Resurrecting Empire*, (London: I.B. Tauris & Co Ltd, 2004), p. 2.

165 President George W. Bush, 17 September 2002, cover letter to *The National Security Strategy of the United States of America*, <http://www.state.gov/documents/organization/63562.pdf>, accessed 14/02/2014.

166 President George W. Bush, 'President's Address to The Nation', 10 January 2007, <http://georgewbushwhitehouse.archives.gov/news/releases/2007/01/20070110-7.html>, accessed 14/02/2014.

Army and National Police brigades committed to this effort, along with local police. (...) I've committed more than 20,000 additional American troops to Iraq. (...) These troops will work alongside Iraqi units and be embedded in their formations. Our troops will have a well-defined mission: to help Iraqis clear and secure neighborhoods, to help them protect the local population, and to help ensure that the Iraqi forces left behind are capable of providing the security that Baghdad needs'.<sup>167</sup>

The National Police, which was meant to 'clear and secure neighborhoods' and 'protect the local population' with the help of US troops, would be described some time later by James Danley, troop commander in the Sunni-majority Baghdad suburb of Dora.

'The National Police were sectarian murderers. They were there to kill people who lived there. You had what could only be described as liquidation missions in which they would go into a Sunni neighborhood like ours and this National Police Unit would simply shoot everything they could. They would simply fire in every direction. It was called 'the death blossom'...straight into buildings and shooting people'.<sup>168</sup>

It is hard to estimate what should have been done at that time. Yet, President Bush and Congress should have realized that their evaluation of Iraqi stability had not been reliable up until that point. In fact, the US government had used a series of different benchmarks to estimate Iraq's progress towards stability.<sup>169</sup> The first major one was the capture of President Saddam Hussein by US forces in December 2003. This was followed by the transition from the Coalition Provisional Authority (CPA), run by the former American diplomat Paul Bremer, to an interim Iraqi government led by the former long-term exile Ayad Allawi in June 2004. However, despite these historic events, in Dodge's words, 'what began in April 2003 as a lawless celebration of the demise of Saddam's regime grew into three weeks of uncontrolled looting and violence. There was a growing perception amongst Iraqis that, after the removal of the Ba'athist regime, US troops were not in full control of the situation. This understanding helped turn criminal violence and looting into an organized and politically motivated insurgency'.<sup>170</sup>

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<sup>167</sup> *Ibid.*.

<sup>168</sup> James Danley, quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

<sup>169</sup> Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p.18.

<sup>170</sup> *Ibid.*, p.55.

If the 2003-2004 escalation of violence was not enough to show the US failure in assuring a peaceful and stable regime change, the rising of violence of 2005 should have cleared any doubts.

2005 was the year of historic events that Washington celebrated as major 'turning-points' and yet, it was a year when 'Iraq descended into an internecine conflict that met all of the conventional definitions of civil war'.<sup>171</sup>

At the end of January 2005, a national election brought to power an interim government led by Ibrahim al-Jafaari. A couple of months later a new constitution was written by the members of the newly elected national assembly and successfully put to a national referendum. Finally, in December, Nouri al-Maliki was elected prime minister of the first, full-term Iraqi government democratically elected after the Ba'athist regime.

Despite all of these crucial events, a few months after al-Jafaari was elected, in August 2005, the conflict would see the average of civilian deaths reach a peak of 2266 per month. General lawlessness, looting, and sectarian and political violence was spreading across the country. 'It was a hard moment, very hard, extremely hard' - a head teacher of Baghdad would recall later to a BBC reporter - 'everybody was calling everybody, checking, wondering, where are you now? Are you ok? We were happy to see our families in the evening and we would close our doors by 5 o' clock'.<sup>172</sup>

The situation was just to get worse over the next years. In October 2006, the violence associated with the civil war reached its peak. According to *Iraq Index*, in just one month 3,709 civilians had been killed.<sup>173</sup> As mentioned earlier, in February the Golden Mosque of Samarra, was blown up. 'I got up in the morning and somebody called me from Samarra saying that the Shrine had been brought down' - the Key Security Official of the Iraqi government, Muurafaq Akrubai, would comment later – 'I couldn't believe it. I said "this is a prelude to a civil war"'.<sup>174</sup>

The attack to the Shrine was meant to provoke Iraq's Shi'a population. And their strategy

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171 *Ibid.*, p.19.

172 Quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

173 Michael E. O'Hanlon and Ian Livingston, *Iraq Index: Tracking Variables of Reconstruction and Security in Post-Saddam Iraq*, July 2012, <http://brookings.edu/~media/Centers/saban/iraq%20index201207.pdf>, accessed 14/02/2014.

174 Muurafaq Akrubai, quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

worked. Up until that point, violence and killing had been cross-sectarian. 'The baker would be killed, the professor would be killed, the doctor would be killed', the earlier mentioned head teacher would explain to the BBC reporter. 'It did not matter whether they were Shi'a, Sunni or Kurd. We never knew who the killer was'.<sup>175</sup> But after the Samarra attack, things were to change. Dramatically. Radical Shi'a elements would form death squads and infiltrate the government. In the days that followed the attack to the Samarra mosque, over 1,300 bodies were found in Baghdad, most of them Sunni. Once these figures were revealed, the ministry of interior – whose forces were likely responsible for most of these deaths – asked the Shi'a-controlled ministry of health to conceal the numbers. Dozens of Sunni mosques were taken over by Shi'a forces and renamed after the Samarra shrine.<sup>176</sup>

The vicious cycle of sectarian violence could only worsen in 2007 when al-Qaeda's forces got involved. Isham al-Hashimi, jailed under Saddam for his Islamic beliefs, would explain to a BBC reporter why one of his closest associates had joined al-Qaeda. 'People who had lost a father or a brother wanted revenge. Al-Qaeda wanted to prove to Iraq that they were protectors of the Sunnis. They would attack the Shi'a militias'.<sup>177</sup>

Over 2006 and 2007, the US government devised a series of benchmarks which the Iraqi government was responsible for. This was in order to force the Iraqis to cooperate with Washington in the fight against sectarian violence. However, the Iraqi government's capacity and determination to do that had probably been overestimated. In October 2006, a 'schedule of specific milestones' was drafted by American diplomats in Baghdad. Prime Minister Nouri al-Maliki would be judged against this 'blue-print', as it was called, for his performance and policy towards Iraq's stability. Amongst the most essential benchmarks to achieve, was the disarmament of the sectarian militias and a broader set of economic and military commitments to stabilize the country.<sup>178</sup> 24 hours after Zalmay Khalilzad, the American Ambassador to Baghdad, and General George Casey, the then head of the Multi-National Force-Iraq, had spoken of a 'notional political timetable', a series of deadlines for Maliki's commitments, Maliki's outrage astonished American diplomats. He dismissed Casey and Khalilzad with a few

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<sup>175</sup> Quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

<sup>176</sup> Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed 14/02/2014.

<sup>177</sup> Quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

<sup>178</sup> David S. Cloud, 'US To Hand Iraq a New Timetable on Security Role', *New York Times*, 22 October 2006, <http://www.nytimes.com/2006/10/22/world/middleeast/22policy.html?scp=67&sq=Iraq+benchmarks&st=ny>, accessed 14/02/2014.

simple words. 'This is an elected government and no one has the right to set a timetable for it'.<sup>179</sup> In fact, there is strong evidence that the campaign of sectarian violence was supported by key political parties who held ministerial power.<sup>180</sup> As Brigadier General H.R. McMaster, a senior adviser to the head of US forces, said, 'many of their activities were war crimes. They were war crimes that were planned and organized by various leaders within the Iraqi government and security services'.<sup>181</sup>

For many reasons, such as political issues and the ferocity of the conflict itself, the data on Iraqi casualties vary and are open to dispute.<sup>182</sup> *The New England Journal of Medicine* published in January 2008 one of the most widely accepted medical surveys of Iraqi casualties. It estimated that, between January 2002 and June 2006, 151,000 people had died violent deaths.<sup>183</sup> Combining the ongoing Iraq Body Count data and the statistics released by the Iraqi Interior Ministry and the US Military, the Brookings Institution's *Iraq Index* is indeed another good resource. The *Iraq Index* estimated that 116,409 civilians were killed from the invasion to June 2012.<sup>184</sup>

The above mentioned Iraq Body Count is finally another reliable source. It is a non-governmental organization which records violent civilian deaths from 2003. 'IBC's documentary evidence is drawn from crosschecked media reports of violent events leading to the death of civilians, or of bodies being found, and is supplemented by the careful review and integration of hospital, morgue, NGO and official figures'.<sup>185</sup> **According to the Iraq Body Count, at the time of writing, between 123,760 and 137,828 civilians have been killed since 2003.**<sup>186</sup> **As the figures show, from 2003 to 2007 almost 17,480 people were killed on average per year. 29,288 in 2006 and 25,699 in 2007 were the worst peaks. From**

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179 John F. Burns, 'Fighting Split, US and Iraq Renew Vow To Work for Peace', *New York Times*, 28 October, 2006, [http://www.nytimes.com/2006/10/28/world/middleeast/28iraq.html?scp=71&sq=Iraq+benchmarks&st=ny&\\_r=0](http://www.nytimes.com/2006/10/28/world/middleeast/28iraq.html?scp=71&sq=Iraq+benchmarks&st=ny&_r=0), accessed 14/02/2014.

180 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 62.

181 Brigadier General H.R. McMaster, quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

182 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 16.

183 Iraq Family Health Survey Study Group, 'Violence-Related Mortality in Iraq from 2002 to 2006', *New England Journal of Medicine*, vol. 358, no.5, 31 January 2008, pp. 484-93, <http://content.nejm.org/cgi/content/full/NEJMsa0707782>, accessed 14/02/2014.

184 Michael E. O'Hanlon and Ian Livingston, *Iraq Index: Tracking Variables of Reconstruction and Security in Post-Saddam Iraq*, July 2012, <http://www.brookings.edu/~media/Centers/saban/iraq%20index/index201207.pdf>, p. 3, accessed 14/02/2014.

185 Iraq Body Count, 'About the Iraq Body Count Project', <http://www.iraqbodycount.org/about/>, accessed 14/02/2014.

186 Iraq Body Count, 'Database', <https://www.iraqbodycount.org/database/>, accessed on 25/05/2014.

February 2007 onwards, the death-rate slowly declined, even though almost 10,000 deaths per year were still counted in 2008. Over 2009 and 2010 the number of deaths stabilized at about 300 a month, with the sad exceptions of August 2009 (618 deaths) and August 2010 (529). However, as Figure 2 shows, from 2010 to 2012 the number of deaths per year steadily increased: in 2012, 427 more deaths per year than 2011 and even 465 more than 2010. In proximity of the last elections on the 30<sup>th</sup> of April 2014, sectarian violence in Iraq reached some of its highest levels for years. Since January 2013, more than 14,300 civilians have died, with 1145 people murdered in July 2013, 1221 in September 2013 and 1013 in April 2014.<sup>187</sup> Andrea Margelletti, director of the Italian Ce.S.I., Centro Studi Internazionali, was interviewed for this research just a couple of weeks before April 2014's elections. He had been to Baghdad very recently. 'Doctor Iacovino [his colleague] and myself go to crisis zones every day', he would comment. 'I've been to Baghdad so many times, even during the worst moments. It's a city that I know very well. When we went last time, we saw something I had never seen before. Something unbelievable, really. When you have dinner at a restaurant with body guards...in the Green Zone. When you're welcomed in a hotel by guards with guns...in the Green Zone. Well, it means that nowhere is safe. Not even the Green Zone'.<sup>188</sup> Doctor Iacovino would confirm, 'when from the airport to the Green Zone there are 10 check points, it's a sign. We can discuss a sign of what but come on...it's a sign'.<sup>189</sup>

More recently, the country has become a battleground for regional players in a wider struggle for supremacy. Straight after the elections, on the 2<sup>nd</sup> of May, when election results' were still unknown, the BBC would report the struggle in the article 'Iraq: a proxy battleground in a regional war'. 'Since the war in Syria spilled across the borders to the east (Iraq) and west (Lebanon), the trading of accusations in Baghdad is becoming shriller. Shi'a officials openly accuse Saudi Arabia of financing Sunni extremists in the region, whereas Iraqi Sunnis often accuse the government of Nouri al-Maliki of power-grabbing to help Iran advance its regional agenda [...] A news website close to Iraq's Shi'a Islamist Sadrist movement published an article a couple of months ago, talking about an undeclared plan of action between Tehran and Baghdad for a propaganda offensive against Riyadh'.<sup>190</sup> Professor Marc Valeri, when interviewed, would point out

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187 Iraq Body Count, 'Database', <https://www.iraqbodycount.org/database/>, accessed on 25/05/2014.

188 Andrea Margelletti, interview with the author, 15/04/2014.

189 Gabriele Iacovino, interview with the author, 15/04/2014.

190 BBC, 'Iraq: A Proxy Battleground in a Regional War', 2 May 2014, <http://www.bbc.co.uk/news/world-middle-east-27193904>, accessed on the 25/05/2014.

that the major Saudi's concern since 2003, has been that the fall of Saddam Hussein has 'freed' the whole regional Shi'a clerics around Najaf, in the South of Iraq, one of the holiest cities of Shi'a Islam and the center of Shi'a political power. 'That's why', Valeri would explain, 'Saudis are supporting militants of the Islamic State of Iraq and the Levant [a militant group which pledged allegiance to al-Qaeda] in Anbar [where extreme violence has exploded since 2013]. These militias don't have a Saudi agenda, but Saudi does support them. All Saudi officials will argue this: "all of the Gulf problems started in 2003 with the fall of Saddam. That is the mess"<sup>191</sup> 'Whether we like it or not', Sheikh Qais al-Khazali, leader of the LoR would comment to a BBC reporter, 'we are now part of a war between two axes: Iran-Iraq-Syria on one side and US-Turkey-Saudi Arabia on the other'.<sup>192</sup>

FIGURE 1 (Source: Iraq Body Count [www.iraqbodycount.org](http://www.iraqbodycount.org))

FIGURE 2 (Source: Iraq Body Count [www.iraqbodycount.org](http://www.iraqbodycount.org))

### 3.3. Examining the Causes of Violent Instability

'So be patient, my brothers. They are trying to plant a civil war. Do not let them drag you into it. We know that they are going to assassinate our clerics and our leaders to make a sectarian and civil war. So be careful. We will never be oppressed. Do everything to resist the American idea called democracy'.<sup>193</sup> On April 7, 2006, the third anniversary of the US occupation of Iraq, Muqtada al-Sadr, the founder of the Mahdi army, would give this speech to his fellows reunited in the shrine city of Najaf. By the time the American journalist Nir Rosen listened to his words in that spring of 2006, 'while the rhetoric of nationalism still pervaded Muqtada's sermons, so did thinly veiled references to Sunnis as infidels. All hope of an alliance between Sunnis and Shi'as was gone'.<sup>194</sup> By the end of April 2006, almost 7 million people had died from violence in Iraq. And the worst was yet to come. From May 2006 to December 2007, barely more than a year, more than 48 thousands of violent deaths would be counted.<sup>195</sup> Iraq was falling apart from an horrific civil war.

191 Marc Valeri, interview with the author, 23/05/2014.

192 Qais al-Khazali, quoted in BBC, 'Iraq: A Proxy Battleground in a Regional War', 2 May 2014, <http://www.bbc.co.uk/news/world-middle-east-27193904>, accessed on the 25/05/2014.

193 Quoted in Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 2/03/2014.

194 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 2/03/2014.

195 Iraq Body Count, 'Iraq Body Count Database', <http://www.iraqbodycount.org/database/>, accessed on 2/03/2014.

Analyzing the Iraq post-invasion instability and the factors which would lead to the sectarian civil war is anything but simple. Muqtada's words are indeed highly significant of this complexity. Iraqi post-invasion civil war had numerous and interconnected causes. Different actors, depending on the role they played in the conflict, would offer contrasting analysis and interpretations. 'They are trying to plant a civil war (...) Do everything to resist the American idea called democracy'. In Muqtada's and his supporters' view, the responsible ones were the Americans. They would not be the only ones to see it this way. On his trip to Adhamiya, the east-central district of Baghdad, the site of many clashes between Iraqi insurgents and US forces and the last part of Baghdad to fall, the journalist Nir Rosen would read on the mosques' walls, 'one Iraq, one people', 'no to America', 'we reject foreign control', 'Sunnis are Shi'as and Shi'as are Sunnis', 'we are all one', 'leave our country, we want peace'.<sup>196</sup> Many, amongst the Western observers as well, argued that the Americans, with the invasion and occupation, 'alienated the Sunni ruling class and masses by criminalizing membership in Hussein's Ba'ath Party - which to many people was merely a requirement for employment, not a statement of political sympathy'.<sup>197</sup> **Andrea Margelletti would sound more than clear about this. 'If Paul Bremer was arrested for crimes against humanity, it would not be a mistake. Americans didn't have any knowledge of the Middle East. The Iraqi social system collapsed. Hundreds of thousands of families who lost everything. Iraq got lost. And when a country gets lost, it is hard to get it back. Now, after what happened, we should re-think of Iraq as a nation with different boundaries. The boundaries we know, don't make sense anymore. [...] I was there when Shi'a clerics and SCIRI's officials were crying because American tankers were passing over the graves of their martyrs in Najaf. They knew what would happen. They knew that after that, a civil war would break out'.**<sup>198</sup>

Even amongst groups fighting for the supposed same objectives, however, dissimilar analysis and explanations would be given. So, Sheikh Muayad al Khazarajj, a Shia who had been imprisoned by Americans for stockpiling weapons in his mosque, in explaining the civil war, would combine the necessity for resistance with the 'clash within a civilization',<sup>199</sup> the internal conflicts between Shi'as, Sunnis and the extremist fringes of Sunni Islam, the Wahhabists.

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196 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 2/03/2014.

197 Ashley Smith, 'Imperial roots of Iraq's sectarian violence', *socialistworker.org*, November, 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>, accessed on 2/03/2014.

198 Andrea Margelletti, interview with the author, 15/04/2014.

199 Anthony Cordesman quoted in Ashley Smith, 'Imperial roots of Iraq's sectarian violence', *socialistworker.org*, November, 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>, accessed on 2/03/2014.

'After I was in the jail I knew who is my enemy and who is not. The Americans are not my enemy. The Americans have interests, and anybody who wants to block the way of Americans from obtaining those interests becomes their enemy and they destroy him. Be away from their road and they will not touch you. Our enemies are the Wahhabis'.<sup>200</sup> Sheikh Hussein al Assadi, the lead Sadrist cleric for the entire eastern half of Baghdad, would instead see this 'martyrdom' - as he called it – in the terms of a wider project of international Zionism and imperialism. 'All this martyrdom was done by international Zionism and world imperialism and the America occupation'.<sup>201</sup> Some, both amongst the Iraqi, the American and the external observers, emphasized rather the role of al-Qaeda and its involvement into the sectarian conflict. 'People who had lost a father or a brother wanted revenge - would say Ahmed, an Iraqi interviewed by a BBC reporter in Dora, Sunni-majority Baghdad suburb – al-Qaeda wanted to prove to Iraq that they were protectors of the Sunnis. They attacked the Shi'a militias and there was a lot of killing. (...) Al-Qaeda eventually took over an entire section of Baghdad. They essentially ruled the entire area';<sup>202</sup> 'if you were a Sunni resident of Dora and you left Dora, you would be murdered' - James Danley, troop commander in Dora, would add - 'so this is a population of hundreds of thousands who were stuck in a small area and there were lots of kids who felt that the only...I hate to use this word...the only opportunity for them was to join al-Qaeda'.<sup>203</sup> Indeed, al-Qaeda did nourish sectarian hatred, complicit with the Americans who targeted the Sunni resistance accusing them of 'terrorism', even when they had nothing to do with Zarqawi, al-Qaeda's leader in Iraq. A Sunni woman would explain to Nir Rosen, 'there is a conspiracy to force Sunnis out of Baghdad. We are limited in where we can move (...) We can only move to Sunni neighborhoods dominated by the resistance – Dora and Amriya. But it is not safe to live there either. We cannot avoid attacks by writing on the walls that we are Sunnis. We might be attacked by the army since we live next to terrorists'.<sup>204</sup> Indeed, American responsibility at a certain stage of the sectarian conflict had been massive. As shown in the BBC documentary *James Steele: America's Mystery Man in Iraq*, around 2005 the US approach to the insurgency was to 'try over time to integrate those militias into the new Iraqi security forces',<sup>205</sup> as Paul Wolfowitz, US deputy defense secretary, openly

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200 Quoted in Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on the 2/03/2014.

201 Quoted in Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on the 2/03/2014.

202 Quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

203 Quoted in 'Secret Iraq', Part 2, BBC 2, 6 October 2010.

204 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on the 2/03/2014.

205 Paul Wolfowitz, quoted in BBC, 'James Steele: America's Mystery Man in Iraq', 6 March 2013.

admitted at the Senate foreign relations committee in May 2005. Shi'a militias from all over the country would go to Baghdad to join the new special police commandos. They were enraged by suicide bombings of Shi'a civilians, assassinations and kidnappings by Sunni insurgents and al-Qaeda militants, as well as by years of persecution and killing during the Saddam regime. As Jerry Burke, chief policy advisor to Iraqi ministry of interior 2003-2004, would say, 'it was their time in power, an opportunity to take revenge of the former regime elements'.<sup>206</sup>

A lot has been said about the causes of the violent instability because a lot *must* be said: there are elements of truth in every argument that has been presented. In order to understand the drivers of violence in Iraq and the deep consequences for the current and future Iraq, every different argument must be understood and analyzed.

A close examination of civil wars across the world from 1945 onwards can be a good starting point for uncovering explanations about what has happened in Iraq since 2003. Suhrke and Berdal have analyzed the causes and purposes of 'post-conflict' violence, meaning the 'various forms of deadly violence which continue, and sometimes even increase, after the big guns have been silenced and a peace agreement signed'.<sup>207</sup> Amongst different and interlinked drivers of violence, one seems to be indeed pertinent to the Iraqi case: the socio-cultural factor, broadly meaning, the ideological trends within a society that encourage the non-state use of violence.<sup>208</sup>

### 3.3.1. Socio-Cultural Factors

In analyzing the socio-cultural factors in causing violence, Suhrke and Berdal have highlighted two intertwined dynamics: the 'general legitimation of violence stemming from wartime reversal of customary prohibitions on killings' and 'the rise in prominence of people with a propensity for violence'.<sup>209</sup> These two elements, in the Iraqi case, seem to have a prominent role, as they are indeed the roots of all other factors which, as will later be analyzed, are commonly deployed to explain the violence in Iraq.

Taking these two dynamics into consideration, the already mentioned words of Muqtada

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206 Jerry Burke, quoted in BBC, 'James Steele: America's Mystery Man in Iraq', 6 March 2013.

207 Suhrke, 'Introduction', in Berdal and Surhke (eds), *The Peace in Between*.

208 Suhrke, 'Introduction', in Berdal and Surhke (eds), *The Peace in Between*.

209 Suhrke, 'Introduction', in Berdal and Surhke (eds), *The Peace in Between*; and Stathis N. Kalyvas, *The Logic of Violence in Civil War* (Cambridge: Cambridge University Press, 2006), p. 57.

reported by Nir Rosen, will sound meaningful of such an idea of violence as a 'form of self-expression',<sup>210</sup> 'when state and societal prohibitions on killing have lost their purchase'.<sup>211</sup> 'The Mahdi army – he argued – is not a party and is not an organization. There is no salary, no headquarters, there is no special organization, there is no arming. *Every weapon is a personal weapon*'.<sup>212</sup> The Ba'athist dictatorship that ran the country for 35 years deployed high levels of state-sanctioned violence while seeking to realize its totalitarian aspirations. By the mid-1990s, under the pressure of UN sanctions, the Iraqi-state began to lose control of its monopoly of violence. In fact, during the Ba'athist rule, the state had had a secure grip on the collective deployment of violence within society, and had severely punished those who used violence without its permission.<sup>213</sup> However, with the UN sanctions, the state lost this control. Even more so, with the US invasion and occupation, authoritative institutions, both societal and governmental, quickly lost their capacity of assuring security and punishing criminality. 'This allowed criminality to flourish and privatized coercion to serve the pursuit of personal interest'.<sup>214</sup> As Zuhair al-Jezairy described when he returned to Iraq in 2003, there is a direct link between the suffering imposed on Iraqi people under the regime and the UN sanctions, and the explosion of violence after 2003 in the chaos of post-regime change. 'In the trenches, in the training camps, in the atmosphere of total militarization, three generations had grown up inculcated with the idea of violence as a form of self-expression and protest. They were unbound by any law, or even any social norms...unless it was under force of compulsion. The sanctions imposed on Iraq in the 90s reinforced the culture of violence by diminishing the position of the educated middle class, who had been the leaders of modernism and progress in the country'.<sup>215</sup>

Iraq had been involved in three conflicts in 20 years. At the peak of its militarization in 1989, Iraq had a standing army of one million men, with a weapons stockpile estimated to contain 4.2m firearms. The combination of a large standing army, conscription and government-formed militias gave rise to a steady proliferation of small arms across society.<sup>216</sup> As Dodge

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210 Zuhair al-Jezairy, *The Devil You Don't Know: Going Back to Iraq*, (London: Saqi, 2009), pp. 162-63.

211 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p.32.

212 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on the 04/03/2014.

213 Isam al-Khafaji, 'War as a Vehicle for the Rise and Decline of a State-controlled Society: The Case of Ba'athist Iraq', in Steven Heydemann (ed.), *War, Institutions and Social Change in the Middle East*, (Berkeley, CA: University of Californian Press, 2000), p. 260.

214 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 32.

215 Zuhair al-Jezairy, *The Devil You Don't Know: Going Back to Iraq*, (London: Saqi, 2009), pp. 162-63.

216 Graduate Institute for International Studies, *Small Arms Survey 2004: Rights at Risk*, (Oxford: Oxford University Press, 2004), pp. 45-47.

would thoroughly explain, 'by 2003, this proliferation had turned into a flood. The rapid collapse of the Iraqi armed forces in the face of the US invasion led to the looting of its weapons stockpile. The 4.2m guns once controlled by the Iraqi security services spread across the whole of Iraqi society. Thus, 'societal trauma, extreme violence as a common currency in both politics and crime, and high levels of gun ownership (both legal and illicit), combined to make the rise of collective violence in Iraq after 2003 comparatively easy to organize'.<sup>217</sup>

Having said all this, when explaining the rise of violence in Iraq, there has always been a certain difficulty in taking factors like 'the general legitimation of violence stemming from wartime reversal of customary prohibitions on killings' and 'the rise in prominence of people with a propensity for violence' as the deepest and first causes of Iraqi civil war. Somehow, all this has always been accepted, but just to a limited extent. The first answer usually given has always been the same, and quite a simple one. The ethnic and religious divisions within Iraq society or, in other words, Iraqi 'sectarianism', in its most traditional and literal meaning. As previously analyzed, this work, together with other respectable analysts, does not fully accept such a notion. To prove this, Fanar Haddad's work is indeed a valuable resource. Fanar Haddad has deeply analyzed sectarianism in Iraq. Against the easy assumption that the descent into strife is the direct consequence of ethnically and/or religiously divided societies, Haddad had cogently argued how 'before 2003, traditional Iraq discourse, whether from above and below, has struggled to openly address "sectarianism"'.<sup>218</sup> Yet, as the violence in Iraq mutated from insurgency to civil war, it cannot be denied that the rhetoric used to justify the brutality of the conflict was imbued with sectarian language. The official motivations for the increasing killings of civilians and mass-casualty attacks were most of the time religiously orientated, and the distinction between Sunnis and Shi'as was always the paradigm to understand the reasons behind any killing. As Nir Rosen would say, 'while there was never perfect harmony, there was also no history of civil war between Sunnis and Shi'as until the American invasion of Iraq, nor anything reassembling the international mobilization of sectarianism through media and statements of politicians and clerics. [...] Relations between Sunnis and Shi'as in the region have deteriorated to the point where if you meet a stranger, the first thing you want to find out if he is Sunni or Shi'a'.<sup>219</sup>

Such a deterioration of balance between Sunnis and Shi'as and such a change, which saw

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217 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 33.

218 Fanar Haddad, *Sectarianism in Iraq: Antagonistic Visions of Unity*, (London: Hurst & Co., 2011), p. 1.

219 Quoted in Ashley Smith, 'Imperial Roots of Iraq's Sectarian Violence', *Socialistworker.org*, November 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>, accessed on 04/03/2014.

political rhetoric passing from a more neutral language to an aggressively divisive sectarian one, is the real question that has to be answered. Before wondering the causes behind the civil war, it is indeed profitable to ask this question first: how, why, to what extent, such a transformation occurred. 'The political genius of ethnicity in the contemporary developed world lies precisely in its ability to combine emotional sustenance with calculated strategy':<sup>220</sup> tracing the path of sectarian hatred is then hard work, as religious and ethnic identity do not operate fully on a conscious basis.

To explicate such a deterioration of balance, Haddad has explored the core of ethnic and religious identity distinguishing between its three states: aggressive, passive and banal.<sup>221</sup> According to this analysis, when a group struggles for survival, in times of extreme insecurity, competition for scarce resources and threats by antagonist factions, a 'group's collective sense of itself'<sup>222</sup> is more likely to move from banal or passive states to aggressive and violent ones. At this stage, the role of 'a certain type of sub-national political elite'<sup>223</sup> is essential. In fact, in times of scarce resources and profound instability, these 'ethnic entrepreneurs' provide what the wider community desperately needs, namely protection from enemies and social and financial support. In doing that, they will need to legitimize their role and justify their actions and they will do so by claiming their belonging to a certain community.<sup>224</sup> People will then start looking to whatever group, militia or identity offers them the best chance of survival,<sup>225</sup> and ethnic entrepreneurs will mobilize a section of the population on the basis of the communalistic identity.<sup>226</sup> This dynamic can quickly consolidate. So previously 'fuzzy', passive identity features will be strengthened, politicized and 'enumerated'.<sup>227</sup>

In applying this model to the Iraqi case, going back in time and investigating the Ba'athist regime is necessary. During Saddam regime, although Islamism had been included into the party's ruling ideology, open sectarian rhetoric was relatively rare. The state would promote an

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220 Joseph Rothschild, *Ethnopolitics: A Conceptual Framework*, (New York: Columbia University Press, 1981), p. 61.

221 Fanar Haddad, *Sectarianism in Iraq: Antagonistic Visions of Unity*, (London: Hurst & Co., 2011), p. 25.

222 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 34.

223 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 34.

224 Joseph Rothschild, *Ethnopolitics: A Conceptual Framework*, (New York: Columbia University Press, 1981), p. 29.

225 Andrea Kathrin Talentino, 'The Two Faces of Nation-building: Developing Function and Identity', *Cambridge Review of International Affairs*, vol. 17, no. 3, October 2004, p. 569.

226 Andreas Wimmer, 'Democracy and Ethno-religious Conflict in Iraq', *Survival*, vol.45, no.4, Winter 3003-04, p.120.

227 Sudipta Kaviraj, 'On the Construction of Colonial Power, Structure, Discourse, Hegemony', in Dagmar Engels and Shula Marks (eds), *Contesting Colonial Hegemony: State and Society in Africa and India*, (London: British Academic Press, 1994), pp. 21-32.

Iraqi nationalism that did not appear religiously oriented. However, based as it was on Arab nationalism, as said, it did rely on a passive but still meaningful affinity with Sunni Islam. As a matter of fact, it included more Sunni symbolism than Shi'a, although Ba'athist ideology would claim to integrate both Sunni and Shi'a imagery. Sunni Islam was taught in schools, various Shi'a practices were banned and Shi'a clerics and affiliates persecuted and killed.<sup>228</sup>

When the regime fell in April 2003, the majority Shi'a population felt finally free to express and actively promote their religious identity. Only a few weeks after the fall of the Ba'ath party, around three millions of Shi'a pilgrims descended on the holy city of Karbala to take part on the previously banned *arba'in* ceremony. As Marc Valeri would recall when interviewed, 'that would cause discomfort over the whole Gulf, not only in Iraq, but in Saudi Arabia too. Karbala, Nafaf, the holy cities of Shi'a Islam had been 'freed' by the fall of Saddam Hussein. Saddam wasn't there anymore: Shi'as were free'.<sup>229</sup>

As Nir Rosen would recall later in 2006, during his trip to the shrine city of Najaf, 'when Baghdad fell (...) and violence erupted, the primary victims were Iraq's Sunnis. For Shi'as, this was justice. "It is the beginning of the separation", one Shi'a cleric told me with a smile in the spring of 2003. Saddam had used Sunni Islam to legitimize his power, building one large Sunni mosque in each Shi'a city in the south; these mosques were seized by Shi'as immediately after the regime collapsed. During the 1990s Saddam also used the donations that Shi'a pilgrims make to the shrines they visit—totaling millions of dollars a month—to finance his Faith Campaign, which spread Sunni practices in Iraq and even declared official tolerance of Wahhabis for the first time, perhaps because of their deep hatred of Shias. Wahhabism is an austere form of Sunni Islam, dominant in Saudi Arabia, that rejects all other interpretations and views Shi'as as apostates. Wahhabis had traveled up from Arabia in centuries past and sacked Shi'a shrines. Now Shi'as were terrified of a Wahhabi threat. They feared that Wahhabis would poison the food distributed to pilgrims. According to a cleric in Najaf, Sheikh Heidar al Mimar, "there were no Sunnis in Najaf before the 1991 intifada, but Saddam brought Wahhabis to the Shia provinces in order to control the Shi'a. These Wahhabis were very bad with us, and all Shi'a were afraid of them".<sup>230</sup>

In a country with no government, no order, no security, 'the Shi'a religious hierarchy, the *hawza*, became the focus of loyalty and hope',<sup>231</sup> 'clerics were filling the power vacuum created

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228 Nir Rosen, *Aftermath: Following the Bloodshed of America's Wars in the Muslim World*, (New York: Nation Books, 2010), p. 20.

229 Marc Valeri, interview with the author, 23/05/2014.

230 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 5/03/2014.

231 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic

by the war'.<sup>232</sup> That would have massive repercussions once governing institutions were tentatively set up: formerly exiled politicians and parties filled the senior ranks of the first political and governing experiments; as will be described in the next chapter, most of them were not qualified or prepared for the job. But there was a political vacuum and they were there to fill it. And in doing so, they actively asserted the centrality of their Shi'a religious beliefs, and promoted and Iraqi nationalism which was to place Shi'ism at its heart. Sunnis account for 40% of Iraqi population: they do not represent an irrelevant minority. This assertive promotion of religious Shi'a identity would produce a massive resentment across the Sunni section of Iraqi society. In a lawless country progressively dominated by the *hawza* ranks, those Sunnis who had previously benefited from Saddam's acquiescence, felt deprived of such comfort. The American troops had overthrown their guarantor of privilege. To a growing promotion of Shi'a identity as a core of Iraqi nationalism, they then responded with an increasingly militant assertion of Sunni Islamism, both radicalized and, as its fringes, more and more violent.<sup>233</sup>

### 3.3.2. Iraqi Security Vacuum Post 2003 and the Collapse of the State

The described model is certainly helpful to uncover explanations for civil wars and ethnically and religiously divided societies. Yet, what still needs to be understood is the primary cause of this process. What makes such societies so unstable and population so needy of protection and support? What paves the road for these ethnic entrepreneurs? In Haddad and Dodge's opinion, the fundamental origin is the collapse of the state and the subsequent security vacuum. Sub-state and local identities will emerge from the breakdown of the state, and they will nourish themselves with any identity-traits which they will find in the society they live in. So, in a *potentially* ethnically and religiously divided society, they will provide channels for mobilization in terms of religious and ethnic belonging. 'The withdrawal of institutional power from society creates the space for both ethnic entrepreneurs to mobilize society and the purveyors of violence to exploit lawlessness'.<sup>234</sup> The drastic reduction in state capacity from April 2003 as the primary cause of the breaking out of violence is indeed in line with what

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Studies, 2012), p. 36.

232 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 5/03/2014.

233 Mohammed M. Hafez, *Suicide Bombers in Iraq: The Strategy and Ideology of Martyrdom*, (Washington DC: United States Institute of Peace, 2007), p. 35.

234 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 36.

Fearon and Laitin have said, that 'financially, organizationally, and politically weak central governments render insurgency more feasible and attractive due to weak local policing or inept corrupt counterinsurgency practices'.<sup>235</sup>

When investigating the security vacuum in which Iraq precipitated from April 2003, some obvious mistakes seem to have represented the initial causes of such a vacuum: the lack of troops the invading forces brought with them and the disbanding of the Iraqi army. To put it simple, the Americans lost control of the situation primarily because they were lacking in troop numbers.<sup>236</sup> In February 2003, when preparing for the invasion, Army Chief of Staff Eric Shinseki called for 'something in the order of several hundred thousand soldiers' to guarantee post-war order. James Dobbins, in a study published in the run-up to the invasion, compared US interventions in other states since the Second World War. And according to his work, US forces in Iraq should have had between 400,000 and 500,000 soldiers to pledge security and post-war order.<sup>237</sup> In May 2003, these soldiers were not more than 173,000. The year after, they would not increase in number; on the contrary, in 2004, the Coalition Forces would just count 139,000 troopers. In January 2007, the 'surge' was announced: 39,000 extra US troops would be sent. Too late, however, to regain control of the situation. The civil war had already broke out.<sup>238</sup> If this had not been enough, in May 2003 another American political and military decision would trigger the explosion of hatred and violence given the absolute absence of institutions guaranteeing order and security. The chief of the Coalition Provisional Authority (CPA) ruling at that time the country, Paul Bremer, (the man who, in Margelletti's words, 'if he was arrested for crimes against humanity, it would not be a mistake'),<sup>239</sup> demanded for the disbandment of the Iraqi army and by doing so, freed out in the streets 400.00 armed, trained and alienated ex-soldiers, facing unemployment. With his decision, he actually meant the reconstruction of the Iraqi army to start from scratch, a process that by its nature takes several years.<sup>240</sup> The dissolution of the Iraqi army was a key-stage of the 'de-Ba'athification' process Americans were to pursue in Iraq. Beyond any consideration one could make about the Americans' responsibility in Iraq, indeed espousing the extreme view of Professor Andrea Margelletti is not necessary to affirm that the Americans and the 'de-Ba-thification- process did

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235 Fearon and Laitin, 'Ethnicity, Insurgency, and Civil War', pp. 75-75.

236 James Dobbins et al., *America's Role in Nation-Building: From Germany to Iraq*, (Santa Monica, CA: RAND Corporation, 2003), p. 197.

237 See *ibid*.

238 Michael E. O'Hanlon and Ian Livingston, *Iraq Index: Tracking Variables of Reconstruction and Security in Post-Saddam Iraq*, 31 October 2010, p. 18, downloadable via <http://www.brookings.edu/iraqindex>.

239 Andrea Margelletti, interview with the author, 15/04/2014.

240 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 38.

'alienate the Sunni ruling classes and masses by criminalizing membership in Hussein's Ba'ath Party'.<sup>241</sup> Not only Paul Bremer let 400,000 angry, armed and trained soldiers out in the streets with no central government to guarantee order and security; but the de-Ba'athification purged the civil service of its top layer management. Between 20,000 and 120,000 people unemployed, all of a sudden, after a military occupation. 'Hundreds of thousands of families who all of a sudden lost everything'. As said, for many of these people, the Ba'ath party 'was merely a requirement for employment, not a statement of political sympathy'.<sup>242</sup> And after that, they would face tough times. Unemployed, criminalized for being Ba'ath supporters. They were angry, and most of them trained and armed to easily join militias and armed forces, to defend themselves and express their outrage. Many of them joined the Sunni armed resistance. Many of them, al-Qaeda.

In this context, Iraq on the path to a sectarian civil war, Americans kept making mistakes over the years to come. When the US were to re-build from scratch the military capacity of the Iraqi state, six American police officers, 'were there in May 2003 to teach the basics of good civilian policing'.<sup>243</sup> Six policemen to 'to train 20,000 plus policemen', Douglas Brand OBE, Chief policy adviser, would comment. 'It was a sort of five to seven year project but they wanted to have it done in 18 months'.<sup>244</sup> The small group was indeed unequal to the enormous task they were given. It was just not possible to keep the control of the situation with those limited resources on the ground. In such circumstances, Iraqi civilians and American soldiers dying at the hands of Sunni Muslims, who had lost the most from the fall of Saddam, US defence secretary Donald Rumsfeld in 2004-2005 opted for a strategy which would be proven fatal, but at the time probably seemed just easy. Classic counter-insurgency: arming the old enemies of Saddam, anti-Sunni Shi'a's militias to help the Americans to put down the Sunni uprisings. Saddam had killed tenth of thousands of Shi'as during his rule and now the Shi'as were only happy to take revenge. 'The approach to those militias is to try over time to integrate them into the new Iraqi security forces', Paul Wolfowitz, US deputy defence secretary 2005, would explain at the Senate foreign relations committee. 'We're trying to make efforts of placing Iraqi militias to handle the insurgency in Iraq', Donald Rumsfeld would comment. Shi'a militias from all over the country came in track loads to Baghdad to join the new special police

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241 Ashley Smith, 'Imperial Roots of Iraq's Sectarian Violence', *Socialistworker.org*, November 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>, accessed on 04/03/2014.

242 Ashley Smith, 'Imperial Roots of Iraq's Sectarian Violence', *Socialistworker.org*, November 11, 2013, <http://socialistworker.org/2013/11/11/the-roots-of-iraqs-violence>.

243 Jerry Burke, Chief policy advisor to Iraqi ministry of interior, 2003-2004, quoted in BBC, 'James Steele: America's Mystery Man in Iraq', 6 March 2013.

244 Douglas Brand OBE, Chief policy adviser to Iraqi ministry of interior, 2003-2005, quoted in BBC, 'James Steele: America's Mystery Man in Iraq', 6 March 2013.

commandos. They were enraged by suicide bombings of Shi'a civilians and assassinations and kidnappings by Sunni insurgents and al-Qaeda militants. 'It was their time in power', Jerry Burke would say, 'an opportunity to take revenge of the former regime elements'.<sup>245</sup>

Besides its ability to impose order and guarantee security, the institutional capacity of the state had steadily collapsed as well.

From 1980 to 1990, over just one decade, Iraq had passed through two wars, after which, extremely severe and long-running UN sanctions had been imposed. These sanctions were deliberately designed to break the state's capacity to provide and distribute services and, with some notable exceptions, such as the rationing system, they had been effective.<sup>246</sup> The consequences were to be long-lasting. The three weeks of violence and theft that raged the country in April 2003, following the fall of the Ba'athist regime, would further dismantle the civilian and administrative capacity of the state. For almost a month, wild looting and theft spread across. By the beginning of May 2003, 17 of the Baghdad's 23 ministry building had been completely ransacked.<sup>247</sup> Portable items of value, such as computers, had been looted and all furniture and fittings taken away. A sinister practice had quickly spread: stripping the electric wiring from the walls to sell for scrap. In fact, as an obvious consequence of the massive illicit outflow of stolen scrap metal from Iraq then, copper and aluminium prices in the neighboring countries of Iran and Kuwait had sharply dropped.<sup>248</sup> April 2003 looting, overall, cost as much as US\$412bn: exactly one third of the Iraq's annual GDP.<sup>249</sup>

'State collapse is a deeper phenomenon than mere rebellion, coup or riot. It refers to a situation where the structure, authority (legitimate power), law and political order have fallen apart and must be reconstituted in some form, old or new'.<sup>250</sup> Such a definition of a 'collapsed state' provided by William Zartman in 1995, clearly defines what happened in Iraq in 2003, against its background of war, sanctions and unequal occupying forces. Once the state has failed,

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245 Jerry Burke, Chief policy advisor to Iraqi ministry of interior, 2003-2004, quoted in BBC, 'James Steele: America's

Mystery Man in Iraq', 6 March 2013.

246 Toby Dodge, 'The Failure of Sanctions and the Evolution of International Policy Towards Iraq 1990-2003', *Contemporary Arab Affairs*, Vol. 3, No. 1, January 2010, pp. 82-90.

247 David L. Philips, *Losing Iraq: Post-War Reconstruction Fiasco*, (New York: Basic Books, 2005), p. 135.

248 Ali A. Allawi, *The Occupation of Iraq. Winning the War, Losing the Peace*, (New Haven, CT: Yale University

Press, 2007), p. 116.

249 James Dobbins et al., *Occupying Iraq: A History of the Coalition Provisional Authority*, (Santa Monica, CA: RAND Corporation, 2009), p. 111.

250 . William Zartman, 'Posing the Problem of the State Collapse', in I. William Zartman (ed.), *Collapsed States: The Disintegration and Restoration of Legitimate Authority* (Boulder, CO: Lynne Rienner, 1995), p. 1.

authoritative institutions, governmental as well as societal, rapidly lose their capacity and legitimacy.<sup>251</sup> A key-stage of such a process, which for this research has a particularly relevant importance, occurs at the level of geographic boundaries: these boundaries 'within which national politics and economics have been historically enacted, simultaneously expand and contract'.<sup>252</sup> On one side, as the state has lost its administrative and civilian capacity, these boundaries become increasingly meaningless. Decision-making power, from the center of the state, its capital and its civilian and governmental institutions, surpasses such boundaries, and leaks out across the country's borders to neighboring super-powers: in Iraq's case, Amman, Damascus, Teheran and, although distant, Washington. In other words, regional and international actors begin playing a decisive role into the politics of the country – or at least what is left of it – or, even more damaging, into the conflict. This element is actually highly significant for this research and needs to be highlighted. Sectarian Shi'a identity, leaking out from the country borders, and Teheran, assuming a decisive role in Iraqi politics and Iraqi state (re-)building, have contributed to the affirmation of a Shi'a transnational block. Such a 'block', as seen when investigating the role of the Gulf in the current global oil market, is to have a central role in putting forward a Shi'a oil market in competition with the Sunni one. This key-stage of the process of state-collapsing then, has to be recognized in its pivotal importance.

Going back to the original point, if one side the country's boundaries become meaningless, on the other side, 'power drains into what is left of society, away from the state capital, down to a local level, where limited organizational capacity begins to be rebuilt'.<sup>253</sup> While politics is becoming more and more international, paradoxically it becomes highly local as well.<sup>254</sup> And in a state that has lost any civilian, institutional and military authority, individuals struggle to find public goods, services and security, in an absolute lawless environment. 'When state authority crumbles, individuals not only lose the protection normally supplied by public offices, but are also freed from institutional restraints. In response, they often seek safety, profit or both. Their motives become more complex than when they could depend on the state'.<sup>255</sup> Since 2003, Iraqis found themselves in such a tragic and fatal position. The state had collapsed, ceased functioning, and left a dangerous security vacuum. Violent forces were ready

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252 Toby Dodge, 'The Failure of Sanctions and the Evolution of International Policy Towards Iraq 1990-2003', *Contemporary Arab Affairs*, Vol. 3, No. 1, January 2010, p. 39.

253 Toby Dodge, 'The Failure of Sanctions and the Evolution of International Policy Towards Iraq 1990-2003', *Contemporary Arab Affairs*, Vol. 3, No. 1, January 2010, p. 39.

254 William Zartman, 'Posing the Problem of the State Collapse', in I. William Zartman (ed.), *Collapsed States: The Disintegration and Restoration of Legitimate Authority* (Boulder, CO: Lynne Rienner, 1995), p. 5.

255 Nelson Kasfir, 'Domestic Anarchy, Security Dilemmas, and Violent Predation', in Robert I. Rotberg (ed.), *When States Fail: Causes and Consequences*, (Princeton, NJ: Princeton University Press, 2004), p. 55.

to fill it, offering support, safety and economic subsistence to hundreds of thousands of civilians deprived of any safety. In other more simply words, opportunist criminals and sectarian-oriented forces overran Iraqi society.

### 3.3.3. Post-Invasion Politics in Iraq: The Elites Bargain

To move a country from dictatorship to democracy, or from civil war to a peace settlement, a process of negotiations takes usually place. These negotiations take often the form of 'elites bargains'. In Alan Whaites' words, 'often unarticulated understandings between elites that bring about the conditions to end conflict, but which also in most states prevent violent conflict from occurring'.<sup>256</sup> The elites involved must be the 'principal decision makers', politically, economically and militarily, and must have the ability to deliver real leadership of the major groups of society. The next chapter will analyze thoroughly such an Iraqi elite, its limits, its characteristics and so on. What can be said here is that the political system which was put in place in Iraq after regime change was built around what can be described as, according to Lindemann's distinction, an 'exclusive elite bargain'. Stefan Lindemann, who worked on the notion of elite bargains to conflict-prone states in Africa, has distinguished between 'inclusive elite bargains', which, as inclusive, promote stability, and those which are 'exclusive', and, as exclusive, are likely to drive the country back into the conflict.<sup>257</sup> When an elite bargain occurs inclusively, a broad section of the existing national elites is gathered into a ruling coalition. Being part of the ruling coalition, these national elites have the possibility of accessing 'state's institutions, jobs and largesse';<sup>258</sup> hence politicians can create consensus within society using state resources, rents and employment opportunities.<sup>259</sup> The inclusive elite bargain process then, is a process of 'gathering', grouping together different organizations that represent different sections of society. These section of society, in fact, will all benefit from being represented into the new ruling elite. Conversely, what happens when an exclusive elites bargain occurs is the exclusion of certain key politicians and their followers, fostering

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256 Alan Whaites, *States in Development: Understanding State-Building*, (London: DFID, 2008), p. 7.

257 Stefan Lindemann, 'Do Inclusive Elote Bargains Matter? A research Framework for Understanding the Causes of Civil War in Sub-Saharan Africa', Crisis States Discussion Paper 15, Crisis States Research Center, London School of Economics and Political Science, February 2008, <http://www.crisisstates.com/download/dp/dp15.pdf>, accessed on 9/04/2014.

258 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 40.

259 Stefan Lindemann, 'Do Inclusive Elote Bargains Matter? A research Framework for Understanding the Causes of Civil War in Sub-Saharan Africa', Crisis States Discussion Paper 15, Crisis States Research Center, London School of Economics and Political Science, February 2008, pp. 2,10, <http://www.crisisstates.com/download/dp/dp15.pdf>, accessed on 9/04/2014.

'antagonism and violent conflict'.<sup>260</sup> And this is exactly what happened in Iraq after 2003. The involvement of a 'much narrower set of elites'<sup>261</sup> and the exclusion of other central political figures and parties 'inflamed Iraq's communal conflict and helped transform the insurgency into a sectarian war'.<sup>262</sup> Again, Americans had a considerable responsibility in this. 'The political settlement created by the United States after the invasion, institutionalized by the new constitution and legitimized by two national elections in 2005, was undoubtedly an elite bargain of the exclusive variety. It played a major role in triggering the insurgency and driving the country into civil war'.<sup>263</sup> The Iraqi Governing Council (IGC) appears to be at the origins of such an exclusive process of politics-building. Sérgio Vieira de Mello, the senior UN representative in Baghdad, very early on after the occupation, was convinced that 'some form of receptacle was needed for Iraq's abrogated sovereignty'.<sup>264</sup> He then convinced the administrator of the Coalition Provisional Authority, Paul Bremer, to form an Iraqi leadership group.<sup>265</sup> And the IGC was finally formed. As the next chapter will thoroughly explore, the formerly exiled political parties who would form the Iraqi new ruling elites, were a byproduct of a very particular historical moment. It did not really matter whether they were qualified for the job or not: a political vacuum had to be filled and they were there to do it. A small number of previously exiled political parties, led by individuals who had not lived in Iraq for decades, would be part of the new IGC. The IGC would represent for them a 'platform to solidify their grip on the Iraqi state'.<sup>266</sup> Any consultative process did not ever take place, just a period of extended negotiations between Paul Bremer, de Mello and six of these parties previously exiled: the Iraq National Alliance (INA), the Iraqi National Congress (INC), the Islamic Dawa Party, the Islamic Supreme Council of Iraq (ISCI), the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). 13 Shi'as, five Sunnis, a Turkoman and a Christian. Bremer, at the head of the CPA, claimed that the politicians had been chosen as representative of the ethnically and religiously divided nature of Iraqi society. The profound belief that Iraqi society is to be seen exclusively in terms of ethno-sectarian divisions: an article of faith, this

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260 *Ibid*, pp. 2-21.

261 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 41.

262 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 40.

263 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), p. 41.

264 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012), pp. 41-42.

265 Edward Mortimer, 'Iraq's Future Lies Beyond Conquest', *Financial Times*, 22 August 2003, p. 17.

266 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). p 42.

one, which has always shaped the Western approach towards Iraq and the Gulf. The bizarre nature of this IGC arrangement was evident in the fact that within the Shi'a block of 13 was included Hamid Majid Mousa, the Iraqi Communist Party's representative. Unsurprisingly, the IGC political experiment had been entirely monopolized by those political parties which, while in exile, had done so much to encourage the American invasion. Of the five members of the IGC identified as Arab 'Sunni', only two, Naser al-Chaderchi and Mohsen Abdel Hamid, were members of organized political parties.<sup>267</sup> This made it very difficult for them to deliver the support of their supposed constituencies.<sup>268</sup> Al-Chaderchi's party had been founded by his father in 1946 but became quickly insignificant after regime change.<sup>269</sup> Hamid was in a different position. He was secretary-general of the Iraqi Islamic Party (IIP) which, under the elite bargain, had the role of delivering the 'Sunni vote'. This was its role in the IGC, and every government it has served since. Delivering the 'Sunni vote' was, in other words, 'bring[ing] the section of the population from which the former ruling elite originated back into the new post-war political settlement'.<sup>270</sup> In doing so, from 2003 onwards, evidence seems to suggest that it singularly failed, probably because it was not representative of its supposed social constituency. Moreover, its close association with the US occupation did not help, due to the presence of more radical political forces which were fighting to mobilize the Sunni section of society.<sup>271</sup>

By November 2003, it was finally clear that the Americans had 'won the war and lost the peace',<sup>272</sup> to use Allawi's words. On 11 November 2003, Paul Bremer was abruptly hauled back to Washington. Sovereignty was to be handed back to Iraqis no later than June 2004. The IGC would seize control of the whole of the Iraqi state. The elite bargain would be successful in excluding considerable sections of society and allowing others to rule the country. It was US domestic concerns that would lead to this. The 'November 15 Agreement' gave premiership of the IGC to Ayad Allawi, a long-term exile and head of the INA, vice-presidencies to Ibrahim al-Jafaari, the head of the Dawa Party, and Rowsch Shaways, a senior member of the KDP.

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267 'The Iraqi Governing Council, BBC News, 14 July 2003,

[http://news.bbc.co.uk/1/hi/world/middle\\_east/3062897.stm](http://news.bbc.co.uk/1/hi/world/middle_east/3062897.stm), accessed on the 4/03/2014.

268 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). p 42.

269 Hanna Batatu, *Night Draws Near: Iraq's People in the Shadow of America's War*, (New York: Henry Holt, 2005), p. 305.

270 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). p 42.

271 Antony Shadid, *Night Draws Near: Iraq's People in the Shadow of America's War*, (New York: Henry Holt, 2005), p. 312.

272 Ali A. Allawi, *The Occupation of Iraq. Winning the War, Losing the Peace*, (Yale: Yale University Press, 2007).

Ministerial posts were divided between the other leading parties.<sup>273</sup>

This exclusive elite bargain needed a democratic legitimacy, especially as installing a democracy had been presented as the major reason for the war. This involved a constitution approved by a popular referendum and two electoral mandates. However, the way the parties fought for the elections, the electoral system that was chosen and the manner in which the constitution was drafted, contributed to exacerbate even further the exclusivity of the post-war settlement and the alienation of a major section of Iraqi population.

With the election of 30 January 2005, an interim government was appointed to rule the country for a year. The vote itself was held within one nationwide electoral constituency due to security and logistical concerns.<sup>274</sup> This dismissed local issues and personalities from the campaign and grouped the politicians and parties that were controlling the IGC into large coalitions.<sup>275</sup> To maximize their vote, most of them played the lowest common denominator and deployed ethnic and sectarian rhetoric.<sup>276</sup> The weakness of the Sunni parties within the IGC exacerbated this trend. Its limited organizational capacity was worsened by the challenge posed by a loose coalition of mosques, the Hayat al-Ulama al-Muslimin (Association of Muslim Scholars, AMS), which emerged to give voice to excluded Sunnis.<sup>277</sup> The Americans, once again, made things worse with military mistakes. The AMS channeled the widespread outrage caused by the horrific assault to the town of Fallujia, which was to cause extensive destruction and humanitarian crisis in all the surrounding areas. The popular anger was such that even the IIP was forced to partially join an election boycott in the wake of the assault.<sup>278</sup>

Eight-and-a-half million Iraqis voted in the first set of post-invasion elections, 58% of those eligible.<sup>279</sup> The turnout varied dramatically across the country and amongst Iraq's different ethnic and religious communities. In the northern areas with a predominately Kurdish population, turnout was 82%-92%. In the southern districts, where the majority of the population is Shi'a, 61%-71% voted. Due to their anger and alienation, in Anbar province, an

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273 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). pp. 43-44.

274 Marc Turner, 'Poll Planning on Track But No Room for Hitches', *Financial Times*, 14 October 2004.

275 Adeed Dawisha and Larry Diamond, 'Iraq's Year of Voting Dangerously', *Journal of Democracy*, Vol. 17, No. 2, April 2006, p. 93.

276 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). p. 44.

277 Roel Meijer, 'The Sunni Resistance and the "Political Process"', in Markus E. Bouillon, David M. Malone and Ben Rowswell (eds), *Iraq: Preventing Another Generation of Conflict* (Boulder, CO: Lynne Rienner, 2007), p. 7.

278 Edward Wong, 'Sunni Party Leaves Iraqi Government over Fallujah Attack', *New York Times*, 10 November 2004.

279 For electoral data, see Independent Electoral Commission of Iraq, [http://www.ieraq.org/English/Frameset\\_english.htm](http://www.ieraq.org/English/Frameset_english.htm), accessed on 7/04/2014.

area of northwestern Iraq with a high concentration of Sunnis, only 2% voted.<sup>280</sup>

The United Iraqi Alliance (UIA), the multiparty list designed to maximize Shi'a support, won 48% of the vote and 140 seats in the 275-member assembly. The Kurdish Alliance took 27% and 77 seats. Allawi and his nationalist and secular Iraqi list only managed 14.5% of the vote and 40 seats, paying the price for having authorized the attack on Fallujah and a military confrontation with Muqtada al-Sadr.<sup>281</sup>

The election had created a severely unbalanced government. That would badly affect the drafting of Iraq's new constitution which was the main objective of the newly elected parliament. In the aftermath of the elections, a 55-member Constitutional Drafting Committee was formed from the members of the assembly. To quote Jonathan Morrow, who was involved in the process as an adviser in Baghdad, 'the Iraqi constitutional process was remarkable in the way in which members of the assembly, though legally charged with responsibility for writing the draft, were not involved'.<sup>282</sup> In fact, the assembly and the committee were sidelined by early August; in their place, the protagonists of the exclusive elite bargain took control. These parties, gathered around a 'leadership council', consisting of Jafaari, Abdul Aziz al-Hakim, the leader of the Islamic Supreme Council of Iraq, and the two Kurdish leaders, Iraqi President Jalal Talabani and Masoud Barzani, finally wrote the constitution.<sup>283</sup>

This 'high-handed, opaque and undemocratic drafting'<sup>284</sup> of the constitution was to cause a strong resentment not only in the excluded parliament, but also across Iraq. There was then a very high possibility that the document would be rejected in the nationwide referendum needed to make it legal. A failure, this one, which would have negatively marked the first attempts of the newly liberated democratic Iraq. To avoid this, the then US ambassador Zalmay Khalizad, rushed to a very last-minute compromise and secured the vote needed to make the document law. A new committee of the Iraqi parliament was then mandated to review and possibly redraft the most controversial aspects of the constitution after the referendum had taken place. This was enough to gain IIP's support.<sup>285</sup> In the short term, the

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280 John F. Burns and James Glanz, 'Iraqi Shiites Win, But Margin is Less Than Projections', *New York Times*, 14 February 2005.

281 Independent Electoral Commission of Iraq, [http://www.ieraq.org/English/Frameset\\_english.htm](http://www.ieraq.org/English/Frameset_english.htm), accessed on 7/04/2014.

282 Jonathan Morrow, 'Iraq's Constitutional Process II. An Opportunity Lost', United States Institute of Peace, Special Report 155, November 2005, p. 15.

283 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). pp. 45-46.

284 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). p. 46.

285 Marina Ottoway, 'Back from the Brink: A Strategy for Iraq', *Carnegie Endowment Policy Brief*, No. 43, November 2005.

gambit worked and the constitution passed the referendum with 78,4% voting in its favor. However, provinces with a high Sunni population voted strongly against it. Unsurprisingly, the constitution was never redrafted, and the appointed committee never met to work on it. Both the election of January 2005 and the constitution became 'the encapsulation of the exclusive elite bargain around which Iraqi politics were organized'.<sup>286</sup>

On 15 December 2005, a second nationwide ballot for a full-term government took place. Again, this pool was to be controlled by three board coalitions and again, the most important of the coalitions was the UIA, with 46,5% of the vote and 128 candidates elected to parliament. The ISCI and Dawa dominated the alliance, but they broadened their scope by joining forces with Sadr, whose Mahdi army had led uprisings against the occupation forces across south and central Iraq in April and June 2004 and in Najaf in August 2004. The Kurdish Alliance won 19,27% of the vote and took 53 seats. A major difference occurred in the voter turnout. This time it reached 76%, considerably more than a year before. The rise in turnout reflected increased Sunni participation in the election. The Tawafuq, or Accord Front, put together by the IIP, took 16% of the vote and 44 seats, the majority of the Sunni vote. A more radical group, the Iraqi Dialogue Front, took 4% and 11 seats. The main election losers, once again, were those attempting to rally a secular nationalist vote. This time Allawi gathered an even broader coalition and formed the National Iraqi List, but just got over 9% of the vote and 25 seats.<sup>287</sup>

Having said that, in investigating the roots of subgroups in a violence, the legacy of the Saddam's era cannot be acknowledged without going any further. The complexity of Iraq's case, as well as of the phenomenon of sectarianism generally, cannot be dismissed. It needs to be investigated taking into account a plurality of factors. The weakness of Iraqi state and the political and security elements which would lead to the state collapse will be later fully analyzed; yet, to begin with, other components need to be taken into consideration. In order to integrate the examination of Iraq's violence with other relevant components, Nir Rosen's analysis will be very helpful.

Rosen agrees with the assumption that 'the Shi'a wave that swept Iraq in the wake of American attack overthrew the Sunni-led order imposed for centuries (...) For Shi'as this was justice'.

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286 Toby Dodge, *Iraq: From War to a New Authoritarianism*, (London: The International Institute for Strategic Studies, 2012). p. 46.

287 Larry Diamond, 'Slide Rules: What Civil War Looks Like', *New Republic*, 13 March 2006, p. 12.

When investigating the deep roots of Iraq's violence though, he also takes into account the role of every single actor and traces a line of responsibility. According to his observation, lots of this responsibility is to be given to the Americans' and their occupation forces.

The de-Ba'athification pursued by the US occupation played a major role in the sectarian growing hatred. It contributed to the spreading anger between the two opposite groups to the extent that Muqtada al-Sadr would say to his supporters, 'even though we and our neighbors have one religion and one fate, the United States has succeeded to make us enemies. Instead of reconstructing the shrine of the two imams in Samarra (...) the occupation is building prisons'.<sup>288</sup> Beyond doubt, political affiliation, especially amongst Western observers, did determine the understanding of American's military adventure in Iraq and massively influenced interpretations of their role in the civil war.

The de-Ba'athification process helped Shi'as to get rid of SunMoronis' relevant figures from the political and religious scene and exacerbated the extremely fragile equilibrium between Shi'as and Sunnis. At the time of the invasion, this delicate balance had not been fully understood by the Americans. Nir Rosen would report episodes of violence where the American role was at best controversial. He would interview, for instance, the butcher Hussein and his partner, Ahmed al Mulla, both enrolled in the Badr Brigade, a death squad targeting Sunnis. Complicit with the Americans, Hussein and Ahmed would interview former regime loyalists in an interrogation room set up in one of Hussein's shops. In talking to Rosen, they were not ashamed of what would happen in that office.

'They would knock on their doors and inform them: "you were a Ba'ath Party member and you need to come visit us in our office in the Elam Market to clarify a few issues concerning you". Their "office" was a desk with two chairs and a long bench. They would ask the Ba'athist to sit on the bench and sign a statement: "I condemn all the former regime's activities against the Iraqi people, and I regret everything I have done with that regime, and I promise to never help the Ba'ath Party again". The Ba'athists would then be asked to turn over their weapons. Ahmed and Hussein would check the serial number against the records. They did not let any Ba'athist retain his weapons. Assassinations of local Ba'athists in Seidiya intensified one month after the office opened. [...] Hussein and Ahmed operated very professionally. [...] Ahmed spoke proudly about his operations in public and often said that he would exceed 100 dead

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<sup>288</sup> Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>.

“Saddamists” before 2005 ended. Since most of the former Ba'athists in his neighborhood were Sunni, all Sunnis in the neighborhood began to fear Ahmed, worrying that they might be the next target'.<sup>289</sup>

Enrolling Shi'a forces to the Iraqi security forces, a strategy which would become official in 2005, had been one of the worst American mistakes in Iraq, due to misconceptions and ignorance about the extremely complex and intricate Iraqi society. This strategy would make many Western observers speak of American '*divide et impera*' approach.<sup>290</sup> Later, when the decision of 'integrating those militias into the new Iraqi security forces'<sup>291</sup> will be thoroughly examined, these interpretations of 'American imperialism'<sup>292</sup>, as it has been called, will be mentioned and discussed. What can be said now is that, regardless of any interpretation that have been made, enrolling Shia militias to the new special police commandos did not fight sectarianism. On the contrary, it reinforced it. RIMETTERE LE MANI QUI E FINIRE QUI QUESTA COSA Muqtada al-Sadr newspaper, *Al Hawza*, would publish a cartoon of British Prime Minister Tony Blair saying, 'Hello, Bush, we succeeded in splitting Iraq'.<sup>293</sup> In fact, American misconceptions about Iraq's intricate socio-cultural background are also evident in wrong American's assumptions about Iraqi resistance and its actors. As Nir Rosen would point out, 'it [was] a misconception that all Ba'athist and soldiers in Saddam's army were Sunnis'.<sup>294</sup> Many members of the Mahdi army – the already mentioned Shi'a militia – were former members of the Fedayyn Saddam, a paramilitary militia, and they were Shi'a. Muqtada al-Sadr, founder of the Mahdi army, would consider himself and his supporters as 'resistant' and define Sunnis as '*nawasib*', those who do not accept the Shi'a imams and hate the family of the Prophet. To his fellows, he would argue 'this is the time when right becomes wrong and wrong becomes right. When women become corrupt. Occupation has become liberation, and resistance has become terrorism. The occupation has joined the *nawasib*'.<sup>295</sup> Misinterpretations of Iraqi resistance would cause fatal American mistakes, notably because al-Qaeda, the only

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289 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 7/03/2014.

290 On this analysis, see Rashid Khalidi, *Resurrecting Empire: Western Footprints and America's Perilous Path in the Middle East*, (London: I.B. Tauris & Co Ltd, 2004).

291 Paul Wolfowitz, US deputy defence secretary, quoted in BBC, 'James Steele: America's Mystery Man in Iraq', 6 March 2013.

292 See *ibid*.

293 Nir Rosen, 'On the Ground in Iraq. The Roots of Sectarian Violence', *Boston Review*, March, 01, 2011, <https://www.bostonreview.net/rosen-on-the-ground-in-iraq>, accessed on 7/03/2014.

294 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>, accessed on 7/03/2014.

295 Nir Rosen, 'Anatomy of a Civil War', *Boston Review*, November, 8, 2006, <http://www.bostonreview.net/rosen-anatomy-civil-war>.

certainly terrorist cell, would get very soon involved.

Degeneration from insurgency to civil war is also a process obviously related to politics and to the political system put in place before, after and during the conflict. Stefan Lindemann, in his research about the causes of civil war in Sub-Saharan African countries, has analyzed what he calls 'inclusive elite bargains', which promote stability and are able to move politics away from conflict, and 'exclusive elite bargains', which are conversely prone to drive countries back into conflict.<sup>296</sup> The political system put in place after regime change in Iraq was indeed an elite bargain, which aggravated the Iraq's general insurgency and contributed to its transformation into a sectarian civil war. Again, it was US domestic concern which led to the exclusive elite bargain around the Iraqi Governing Council (IGC) in 2003.

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IN QUESTO CAPITOLO VA AGGIUNTO: LOC 1998 Zaid Al-Ali:

Corruption was a major cause of the violence. Because of its oil reserves, the state's annual budget was among the highest in the region, and high-ranking officials saw it there for the taking. All they had to do was make sure that investigators, state auditors, prosecutors and judges (as well as potential competitors) did not get in their way. Intimidation and murder became a way of life, and the ensuing conflict meant there was little or no accountability.

### **1.1. The Governorate of Basra – From Diverse Society to Violent Islamism**

'Like any other, Basra's refinery is a labyrinth of pipes connecting oddly shaped buildings: one like a helter-skelter, another like a space village watchtower, a third like an upside-down funnel. Scores of parallel six inch tubes run down the thoroughfares, until each dives off to the side to carry out its mysterious function. Towering high above is the giant flare tower, spewing 40-foot flames whose heat can be felt the ground below. And everywhere hangs the dull smell of sulphurous gases'.<sup>297</sup>

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296 Stefan Lindemann, 'Do Inclusive Elite Bargains Matter? A Research Framework for Understanding the Causes of Civil War in Sub-Saharan Africa', Crisis States Discussion Paper 15, Crisis States Research Centre, London School of Economics and Political Science, February 2008, <http://www.crisisstates.com/download/dp/dp1515.pdf>.

297 Greg Muttitt, *Fuel On the Fire. Oil and Politics in Occupied Iraq*, (London:Vintage, 2012), p. 11.

Iraqis pride in their oil industry has its roots in this overlooked, relatively small, Southern governorate. The city of Basra, the second largest of the country, is located in a region that, despite its small size, with a total land area of 19,070 km<sup>2</sup> (4.4% the total size of Iraq),<sup>298</sup> accounts for perhaps 70% of Iraq's oil wealth, having a total of 15 fields (NEEDS TO BE UPDATED). Indeed, 'to a large extent, "Iraqi oil" means "Basra's oil"'.<sup>299</sup> With its two neighbouring governorates, Mesan and Nasirya, Basra provides 97% of Iraqi energy resources. Being also the only region that enjoys maritime access, it is *de facto* the country's economic capital. It should not be surprising then, if it has also had an extremely significant prize for local political actors. Located between Iran and the Gulf monarchies, at the intersection of the Arab and Persian worlds, the region is strategically important. Indeed, given its position and all the implications of such a powerful neighbour - Iran, the governorate of Basra has a fundamental importance for this research. It is moreover a good example of all the theories here expressed, the current 'competition' between a Shi'a and Sunni oil markets *in primis*.

Due to its economic and strategic importance, Basra had been a reluctant battleground for the bloody wars which raged the country since the 1980s. The Iran-Iraq war 1980-1988, the Gulf War in 1991 and the US-led invasion of 2003. Indeed, the sense of suffering has been widespread in southern political rhetoric. 'Those who do not believe us', Khalaf al-Manshidi, the editor of *Manara*, Basra's largest newspaper, would complain, 'should visit Basra, Maysan and Dhi Qar, and should make a car trip along the Shatt al-Arab river from Basra to Abu al-Khasib, or travel down to Fao, to see for themselves what disaster the former regime brought to this lush area ... during the war with Iran'.<sup>300</sup> 'The governorates of Basra, Maysan and Dhi Qar have experienced worse neglect, injustice, marginalization and suppression [...] from the days of the monarchy and until this day'.<sup>301</sup> Sore memories of destruction are still vivid in Basrians' minds, memories of how the south had been transformed into 'the stage for the destructive, bloody wars of the Baath regime', which caused, they claim, more than 300,000 victims.<sup>302</sup> In March 2003, British forces would lead a military campaign in order to control Umm Qasr, the strategically relevant Basra's seaport. For almost two weeks, British troops

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298 BASRA NCC Governorate Profile, NGO Coordination Committee for Iraq, compiled in October 2010, [http://www.ncciraq.org/images/infobygov/Basra-Governorate-Profile\\_NCCI.pdf](http://www.ncciraq.org/images/infobygov/Basra-Governorate-Profile_NCCI.pdf), accessed on 18/05/2014.

299 Reidar Visser, [723] Working Paper, 'Basra Crude. The Great Game of Iraq's "Southern" Oil', p. 1, No. 723-2007, Norwegian Institute of International Affairs.

300 Khalaf al-Manshidi, *Al-Manara*, October 3, 2004.

301 Undated letter from Baqir Yasin al-Tamimi to Hajim al-Hasani, circa spring 2005.

302 Reidar Visser, 'Suffering, Oil, and Ideals of Coexistence: Non-Sectarian Federal Trends in the Far South of Iraq', MESA 2007 annual meeting, Montreal, November 17-20 Panel (P099), The Implementation of Federalism in Iraq: The Internal Debate.

would attack the city centre with intense air bombardment. By the 27<sup>th</sup> March they would gain control over Basra's suburbs and Basra city's entry points<sup>303</sup>, but they would also face considerable resistance. Some new Iraqi militia groups and members of Saddam's Fedayeen units led an armed resistance which would soon degenerate in extreme violence, looting and general lawlessness. Basra would soon become 'a case study of Iraq's multiple and multiplying forms of violence [which had] little to do with sectarianism or anti-occupation resistance. Instead they would involve the systematic misuse of official institutions, political assassinations, tribal vendettas, neighbourhood vigilantism and enforcement of social mores, together with the rise of criminal mafias that increasingly intermingle with political actors'.<sup>304</sup> Despite suffering and, in Basrans' words, 'neglect, injustice, marginalization and suppression' Basra could be proud of its social, religious and cultural diversity. Basra had always been a pluralistic, socially diverse city. Most inhabitants had always been Shi'a, but Basra had also been home to considerable communities of Sunnis (Arab and Kurdish), Christians (essentially Chaldaean, Assyrian and Armenian) and Mandaean, a pre-Islamic Gnostic sect.<sup>305</sup> Before sectarian violence would tear apart the region, as well as the whole country, since 2006 Basrans would be proudly aware of the cosmopolitan nature of their governorate. 'People in Basra have always wanted to live in peace, accepting others regardless of their sectarian or religious identity', a senior professor of a Basra university would say. 'Christians live beside Muslims and Sunnis beside Shi'as. At one point, we even had a large Jewish minority. We are used to living amid such diversity. People have always been accustomed to living with foreigners and members of other faiths. Christians, Jews and Muslims in Basra were never fanatics. Indeed they were rather open-minded'.<sup>306</sup> Nevertheless, all this radically changed immediately after the fall of Saddam's regime. Such a diverse, cosmopolitan and tolerant environment would be thoroughly ruined by the rise of Islamist movements. The Islamists would establish themselves in universities, hospitals. Through intimidation and violence, they would gradually take over. The state's collapse would make things worsen and precipitate. As seen in the chapter about the Iraqi post-regime instability and violence, armed Islamist groups would fill the security vacuum. Paradoxically, they would fight crime themselves, substitute security forces and rigidly police social mores. In fact, they would also engage in illicit

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303 BASRA NCC Governorate Profile, NGO Coordination Committee for Iraq, compiled in October 2010, available at: [http://www.ncciraq.org/images/infobygov/Basra-Governorate-Profile\\_NCCI.pdf](http://www.ncciraq.org/images/infobygov/Basra-Governorate-Profile_NCCI.pdf), accessed on 18/05/2014.

304 International Crisis Group, 'Where Is Iraq Heading? Lessons from Basra', Crisis Group Middle East Report N°67, p. i, 25 June 2007

305 International Crisis Group, 'Where Is Iraq Heading? Lessons from Basra', Crisis Group Middle East Report N°67, p. 1, 25 June 2007.

306 Senior professor of a Basra university, Interview with Crisis Group, Basra, 03/2005.

behaviour, such as oil trafficking, benefiting from the general lawlessness which pledged them impunity. A number of oil smugglers would complain to Crisis Group interviews about this new-found competition. They would talk, for instance, of their anger against an Islamist party leader, who would claim to have led resistance to Saddam Hussein's regime. In fact, they said, he was widely known for being involved in smuggling: an activity, according to them, that would presuppose close relations with Saddam's local henchmen.<sup>307</sup>

The January 2005 elections for parliament and local council would formalise the domination of Islamist parties, notably the Sadrist current, al-Fadhila, the Supreme Islamic Iraqi Council (ISCI), and Tha'r Allah, an exclusively local party formed by Yusif al-Musawi. 'The January elections [would be] marred by violent intimidation beforehand and equally brutal intimidation afterwards [...] Sadrist factions and SCIRI affiliates, such as Badr and Tha'r Allah, accelerated their intimidation of local university professors, trade unionists and other secular figures. Most Iraqis were forced under the protective umbrella of enforced party membership, and those who attempted to make a stand were intimidated and sometimes killed'.<sup>308</sup> After the elections, terror would spread around the city. 'Yesterday again a message was sent to me by the Sadrists through the general director for hospitals', a Basran hospital director would say to Crisis Group interviewers. 'They once more raised the issue of male doctors caring for female patients. They sent a letter summoning me to their headquarters. I responded that I had nothing to do with them, that I am an official and that any request should be addressed to the governorate or ministry of health. Six months ago, they already had tried to impose their rules in my hospital but I prevented them. Had I let them, we would have Sadr posters all over the walls. But they control most of the other hospitals. Some even had to change their name. For instance, the teaching hospital is now called the Sadr hospital'.<sup>309</sup> Repressive atmosphere would oppress people. Women, Muslim as well as Christian, would be forced to wear veils. 'It is a highly sensitive issue. We have not been able to debate it openly because everyone is scared. If I express my opinion, I will get into real trouble. Islamists will accuse me of not being a real Muslim, which I am', a Basra university researcher would confess. 'My daughters are being forced to wear a hijab, but it's deeper than that. I once was lecturing on the issue of corruption in the south and on oil-related pollution. One of those guys came up to me and suggested I might need a security detail because I could be targeted. Basically, he was telling me to steer

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307 International Crisis Group, 'Where Is Iraq Heading? Lessons from Basra', Crisis Group Middle East Report N°67, p. 3, 25 June 2007.

308 Michael Knights and Ed Williams, 'The Calm before the Storm: The British Experience in Southern Iraq', *The Washington Institute for Near East Policy*, Policy Focus #66, February 2007, p. 27.

309 Hospital Director, Interview with Crisis Group, Basra, 03/2005.

clear of anything affecting their interests. Some people have been killed despite bodyguards. It can happen anywhere, any time'.<sup>310</sup> Tragic events would occur, horrible crimes would be committed, and despite widespread outrage, all would mainly remain unpunished. A group of Sadrists once hit a woman attending a student picnic. To humiliate her in public, they tore off her clothes. Two students tried to intervene and got shot. This did not happen in some unsafe suburb by night. It happened all in front of the police and no one did anything. The girl, shocked and humiliated, killed herself shortly after. The criminals would never be imprisoned<sup>311</sup>. A professor of the university where the girl was studying, would explain the impunity very simply: 'religious groups are taking control of the city, as simple as that. Don't take me wrong, I'm not saying this is normal. This is actually extremely worrying. I think that ultimately we will have to fight to get them off campus grounds. Most people resent these young religious hotheads. After the picnic incident, tribal leaders got together and issued a communiqué declaring their support for the students and condemning the violence. But most people fear the Sadrists. In fact, that's not that the Sadrists have so much real power. But they have the power to kill and frighten. For instance, we heard that twelve barbers were killed around the country because they had shaved off beards. The Islamists are installing a climate of fear. The authorities did not utter a word after the picnic incident because they, too, are afraid'.<sup>312</sup>

Things were to worsen during the following year. The number of reported homicide victims rose steadily and worryingly. In November 2005, the monthly rate was 15. In February 2006 it went up to 30. In the following months, it levelled off over 100. Journalists, human rights activists, trade unionists, communists, university professors and other intellectuals would be killed purely based on sectarian affiliation. As seen previously, on 22 February 2006, the holy dome of the Shi'a Askari mosque in Samarra was blown up. The attack would spark an unprecedented surge of Shi'a sectarian violence and Sunni reprisals in the whole country. The so-called 'Samarra effect' would obviously concern Basra as well. After being targeted under the guise of de-Baathification, Sunnis of Basra became the first target. Members of other minorities, notably Christians, were forced to flee.<sup>313</sup> As a priest would put it, 'in Basra, Christians tend to be less targeted because we don't play a part in the wider sectarian conflict. Many Christians left Basra for economic reasons, travelling up north or to Jordan, Lebanon,

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310 Basra University Researcher, Interview with Crisis Group. Basra, 03/2005.

311 University Students, Interview with Crisis Group. Basra, 03/2005.

312 University Professor, Interview with Crisis Group. Basra, 03/2005.

313 International Crisis Group, 'Where Is Iraq Heading? Lessons from Basra', Crisis Group Middle East Report N°67, p. 4, 25 June 2007.

Syria and the West in the hope of finding better opportunities. The ongoing political struggle in Basra has indeed deprived Christians of job opportunities insofar as influential political parties apportioned state jobs among themselves'.<sup>314</sup> The pride of the Senior professor in saying 'Christians live beside Muslims and Sunnis beside Shi'as' would not make sense any more.

## **1.2. ISCI, Basra, and the 'Samarra Effect'**

The party that benefited the most from the Samarra attack, and for a number of reasons, was indeed ISCI. Mentioned in a few occasions given the importance of such a party – beyond doubt one of the most powerful Iraqi parties – and the relevance of this work, it is worth interrupting temporarily now from studying the Basra region, to deeply analyse this party and its leaders. In fact, analysing the party is also exploring its extremely strong ties with the oil-rich South of Iraq. Moreover, it is observing in detail the strong Iranian influence in the country, the 'Shi'a oil market' in competition with the Sunni one and the 'pan-Shi'a' project of some powerful actors of the Gulf: a vision not only Iranian but Iraqi as well. And ISCI, as will be later explained, has been the principal author of such a project.

Originally known as the Supreme Islamic Council for the Islamic Revolution in Iraq (SCIRI – for the sake of clarity, only the acronym ISCI will be used here), ISCI was founded in Iran in 1982 by Iraqi exiles with 'the sole purpose of maximizing Iran's influence on the Iraqi opposition at a time when the Iran-Iraq war was beginning to turn in favour of Ayatollah Khomeini's regime'.<sup>315</sup> It has now become certain knowledge that during the war, Iran would favour regime change in Baghdad, perhaps fashioned after its own Islamic republic, but not as a vice-royalty subservient to Iran. A recurrent story suggested that in the late 1980s Iran's plan was to create a government in exile that could be transferred to Basra after Iran's success at Fao (ask George, p. 33 taming etc).<sup>316</sup>

In fact, ISCI's statements during the war portray quite a different picture, somehow far more complex and controversial. According to ISCI's reports and declarations during the 1980s, the imagined scenario did not seem to correspond to such a clear distinction between Iraq and Iran as separate entities. Rather, what really seemed to be central, was the idea of subordination to Khomeini. In April 1982, for instance, ISCI's leader at the time Muhammad Baqir al-Hakim would speak of the establishment of an Islamic republic in Iraq, 'under the flag of the rule of

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314 Christian Priest, Interview with Crisis Group. Basra, 03/2007.

315 Jabar, Faleh A., *The Shiite Movement in Iraq*, (London: Saqi, 2003).

316 Hijazi, Ihsan A., 'Iraqi's Death in Sudan Linked to Iran Faction', *New York Times*, 24 January 1988.

the jurispudent represented by the leading imam' (*tahta liwa' wilayat al-faqih al-mutamaththila bi-al-imam al-qa'id*), indeed a clear reference to Khomeini.<sup>317</sup> Or Sadr al-Din al-Qabbanji, currently a leading ISCI imam in Najaf, would draw on traditions about Imam Hasan and Imam Hussein to emphasize that global Islamic leadership must be one, and only one, not two people, not two forces.<sup>318</sup> In another occasion, he would speak of how the 'issue' of pluralism had to be understood with the slogan 'one leader only, Ruhollah'.<sup>319</sup>

Having said that, it cannot be denied that ISCI's political discourse included an idea of Iraq as an independent political entity: yet, rather as a 'legitimate regional sub-entity within a wider Islamic system'.<sup>320</sup> Hakim did speak of 'two revolutions' (*thawratayn*) and occasionally would even become mildly Iraqi nationalist, by emphasizing, for instance, that 'all the Iraqis descend from Arab tribes that have inhabited Iraq for hundreds of years'.<sup>321</sup> Yet, ISCI's overall framework, specially in the 1980s, remained essentially pan-Islamic.

This actual ambivalence in ISCI's political discourse between Arab nationalism and 'pan-Islamism' or, to be accurate, 'pan-Shiism', is indeed a highly relevant point, when observing ISCI's rhetoric and ideology.

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317 *Liwa' al-Sadr*, 28 April 1982, p. 8.

318 *Liwa' al-Sadr*, 2 February 1983, p. 4.

319 *Liwa' al-Sadr*, 6 February 1985, pp. 6-7.

320 Reidar Visser, 'Taming the Hegemonic Power: SCIRI and the Evolution of US Policy in Iraq', *International Journal of Contemporary Iraqi Studies*, Vol. 2, No. 1, 2008, p. 33.

321 *Liwa' al-Sadr*, 5 May 1982, pp. 6-7.

# Chapter IV – The Hydrocarbon Law

## 1.1. The Oil Law Struggle

'No Blood For Oil' was a common slogan against the Americans when global opposition to the invasion of Iraq grew. Oil was seen as a central part of the strategic thinking behind the war, and whereas Iraq's oil sector had been nationalized in the 1970s, the occupiers were accused of 'wanting to do just the reverse of that: put[ting] the multinational oil companies back in the dominant role in the Iraqi oil sector'.<sup>322</sup>

Iraq has the fifth largest proven crude oil reserves in the world after Saudi Arabia, Venezuela, Canada, and Iran. At the end of 2012, it passed Iran as the second largest producer of crude oil in OPEC. Its resources are among the least costly to extract: they lie just below the earth's surface. In addition, Iraq is probably one of the few places left in the world where much of its known hydrocarbon resources have not been fully exploited. Indeed, just a portion of Iraq's known fields are in development. The strategic importance of Gulf oil for the Americans has been a constant in American foreign policy since World War II. Thus, beyond the ideological shades through which we decide to filter the events in Iraq, it cannot be denied that oil was part of the complex of reasons for which the Bush administration decided to go to war. As oil analyst and State Department adviser Robert Ebel would say, 'what did Iraq have that we would like to have? I wasn't the sand'.<sup>323</sup> However, exactly the same can be said about those exile political forces which, in the wake of the US invasion of Iraq, supported the American intervention aiming to gain power after Saddam. When talking of the Gulf and generally the Middle East, it is vitally important not to subscribe, as many observers do, to a culture of 'victim-hood': the notion that people and governments are merely the playthings of immeasurably stronger forces. A notion that, if accepted, denies any agency to local people, governments, and states. 'Only when we begin to allocate full agency to Arab governments can we allocate full agency to the populations', Sluglett has said. 'A deterministic worldview of a hegemonic United States or West has a dis-empowering effect, since it locates the source of all ills exclusively in the West'.<sup>324</sup> In the case of Iraq, denying that the new political elites in power

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322 Ali Issa, 'The Unfinished Story of Iraq's Oil Law: An Interview with Greg Muttitt', *Jadaliyya*, 24 July 2012, [http://www.jadaliyya.com/pages/index/6590/the-unfinished-story-of-iraqs-oil-law\\_an-interview](http://www.jadaliyya.com/pages/index/6590/the-unfinished-story-of-iraqs-oil-law_an-interview), accessed on 03/03/2014.

323 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: The Bodley Head, 2011), p. 350.

324 Marion Farouk-Sluglett, 'Power and Responsibility; US Hegemony and the Arab States in the Post-Gulf War Middle East', in John O' Loughlin, Tom Mayer and Edward S. Greenberg (eds.), *War and Its Consequences:*

aimed to benefit from Iraqi natural resources at the expense of the Iraqi people, would not give justice to millions of individuals who not only had been victim of American occupation, but also of dictatorship, persecutions and violence by the regime, and struggle now to survive a horrific civil war.

The new Iraqi political elite, as seen in the previous chapter, while denouncing the US presence in public to gain electoral votes, did collaborate with the US on many occasions.<sup>325</sup> Talking about the management of oil resources and the proposal of a new hydrocarbon and gas law - the subject of this chapter - the role of ISCI in such a collaboration with US forces and the international community had been massive. As will be explained, given their presence in the oil-rich South of Iraq, their strong ties with Iran, their federal ambitions of creating a Southern nine-governorate Shi'a 'super' region - the 'Shiastan', ISCI had many interests in supporting US plans regarding oil. 'They're more interested in the financial pay-off than in serving the interests of the people',<sup>326</sup> a Basra native would comment to a Crisis Group interviewer.

To evaluate the 'oil law struggle', the thesis has adopted to combine the analysis of ISCI interests with that of the America's decisions. The perspective chosen to evaluate America's decisions, is that the roots of the invasion lay not in conspiracy but in political psychology. The ability of human beings to genuinely believe in what serve their own interests can explain many choices taken by the Americans over Iraq. The rhetoric of the occupation was not really different to that of the liberal imperialists of the nineteenth century. Bringing democracy, defeating ethno-sectarian divisions, supporting economic development, building up political structure: all sinisterly reminiscent of a *mission civilisatrice*. From this paternalistic viewpoint, Iraqis could not be seen as citizens, with their own complex, diverse desires and opinions; instead, they were portrayed as having just collective identities.<sup>327</sup>

The so-called 'oil law struggle' has to be seen within this context. Very soon after the invasion in 2003, a new oil and hydrocarbon law became one of the major priorities of the occupying forces. In 2006, once an initial post-Saddam, permanent government had been formed, the first oil law draft was immediately drawn up. The law had three main objectives. Firstly, creating a framework within which multinationals would have a primary role in developing Iraq's oil industry and establishing the extent of such a role. (In fact, multinationals could already sign

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*Lessons From the Persian Gulf Conflict*, (New York: HarperCollins, 1994), p. 105.

325 International Crisis Group, 'Shiite Politics in Iraq: The Role of the Supreme Council', Middle East Report No. 70, 15 November 2007, p. 11.

326 Retired military officer, interview with Crisis Group, Baghdad, 17/02/2007.

327 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: The Bodley Head, 2011), pp. 349-362.

contracts with the government to develop oil fields and run them: since 1967, Iraq had 'Law No. 97'. This just required parliament signing the appropriate piece of legislation). Given the fact that oil accounts for over 95% of government revenues, it would make sense that the parliament had some say in the matter. However, changing this was actually the second objective of the new law: making the process quicker by allowing the government to sign those contracts *without* parliament's approval.

Finally and most importantly, the law was meant to clarify how this would work in an emerging – and uncertain – federal system. 'To put it simply: with whom would they sign contracts? Was it with the central government in Baghdad, or was it with regional governments – in particular, the only one that exists so far, the Kurdish regional government?'.<sup>328</sup> Raad Alkadiri, (MD, Petroleum Sector Risk at IHS Energy), when interviewed for this paper goes further. 'For years, I've dealt with people on the oil and gas law sector who thought that it was ultimately going to solve the issues. What it is is a political document: it's essentially an alternative to constitutional amendments or a final decision on some of the most contentious issues in the constitution. That's why the February 2007 document had been so ambiguous as it actually exacerbates all of the ambiguities of the constitution over sovereignty over oil and gas management, resource management and the movement of money etc'.<sup>329</sup> Given the importance that federalism had for ISCI, their collaboration in that direction was not surprising.

Throughout 2007, the Bush administration would make pressure on the government to make the law pass. The Americans, the English and the 'international community' - grouped around the International Monetary Fund (IMF) and other financial institutions - wanted to make it pass. With the January 2007 surge, one of the major benchmarks that the Iraqis were supposed to achieve was just passing the oil law.

The first Maliki administration however, would struggle to meet American expectations over oil. In fact by summer 2007, despite the efforts of ISCI governors and officials in the South, the majority of the Iraqi parliament was strongly against the law. *Iraqis* were strongly against the law. Iraqi people, not governors. Memory of Western domination and exploitation of natural resources were still vivid in Iraqis' minds. As recounted by Rashid Khalidi, Iraqis 'within living memory concluded a lengthy struggle to expel hated occupations'.<sup>330</sup> In 1919 a nationwide revolt had erupted against the British that were occupying the country after World

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328 Ali Issa, 'The Unfinished Story of Iraq's Oil Law: An Interview with Greg Muttitt', *Jadaliyya*, 24 July 2012, [http://www.jadaliyya.com/pages/index/6590/the-unfinished-story-of-iraqs-oil-law\\_an-interview](http://www.jadaliyya.com/pages/index/6590/the-unfinished-story-of-iraqs-oil-law_an-interview), accessed on 03/03/2014.

329 Interview with the author, 5/05/2014.

330 Rashid Khalidi, *Resurrectin Empire. Western Footprints and America's Perilous Path in The Middle East*, (London: IB Tauris & Co Ltd, 2004), p. 8.

War I. In 1932 they had succeeded in making Britain give Iraq nominal independence.<sup>331</sup>

Now, as then, a grass-roots movement led by trade unions, political parties, religious groups, and this time, joining the foray, the oil experts, fiercely fought the law and prevented it from passing. By September 2007, the passage of the law was stopped. And, as Alkadiri said when interviewed, 'some of the fears of foreign investments have not gone away. I think this is one of the issues. [...] the sensitivity of ownership over oil is still something that can raise some kind of anger in parliament and political circles pretty quickly'.<sup>332</sup> Today there is still no oil law.

In the second half of 2009, Iraq held two auctions of its largest oilfields, awarding several contracts to foreign companies – BP, Shell, Exxon-Mobil and others – without the oil law and without presenting them to parliament. Different and contrasting judgments of this have been expressed. For Greg Muttitt, 'as always in oil contracts, the devil is in the detail. And whereas the auctions were billed by the Iraqi government as among the world's most transparent contracting processes, [...] what subsequently happened behind closed doors [made] the contracts much more attractive to the multinational companies, at the expense of the Iraqi people'.<sup>333</sup> But for Raad Alkadiri, 'the deal that was signed in 2009-2010 reinforced Iraqi sovereignty, there weren't production sharing deals, Iraq had a very good bargain out of it'.<sup>334</sup> What is certain is that these contracts were technically illegal since Law 97 was still in force – as it is now - and they have not been approved by the parliament since.

Analyzing in detail the history of the oil law and dissecting its most controversial elements is thus necessary. It will offer a fundamental background on which to scrutinize the current oil industry and will support the hypothesis of this thesis about Shi'a oil interests in Iraq and in the region. Furthermore, it will enable an accurate evaluation of the outcome of the American invasion regarding the oil sector.

## **1.2. Drafting the Oil Law: The Iraqi Experts' View**

The origins of Iraqi 2007 oil law are to be found in the Iraqi Constitution. As previously discussed, in 2005 the United Nations' Assistance Mission in Iraq (UNAMI) had helped Iraqi policy-makers to write their Constitution; the approved Constitution ended up a mess so, in

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331 *Ibid.*, p. 8.

332 Interview with the author, 05/05/2014.

333 Greg Muttitt, 'From Glass Box to Smoke-Filled Room', 2011, <http://platformlondon.org/documents/glass-box-print-low-res.pdf>, accessed on 14/05/2014.

334 Interview with the author, 05/05/2014.

April 2006, UNAMI had to deal with the six-month review of the text and many issues had to be solved. To begin with, the unresolved dispute over federalism. The oil law would thus serve as a 'political document';<sup>335</sup> instead of resolving the most controversial ambiguities of the Constitution, the law could offer an alternative and respond to the worst contradictions of the Constitution. In this sense, for ISCI, an oil law which would serve as a 'political document' to resolve the issue of federalism was vital. In fact, in 2005 Abdel Aziz al-Hakim had 'pioneered an idea designed to capture the Shiites' hearts and minds'.<sup>336</sup> That is, the idea of a Shi'a nine-governorate, federal 'super' region covering the territory south of Baghdad. This 'Shiastan' would offer the Shi'as both protection from insurgent's terror stacks and, through Basra's oil and the holy cities of Najaf and Karbala, economic and spiritual self-sufficiency.<sup>337</sup> The unstated assumption was that ISCI would govern this region and – and here comes the necessity of an oil law – manage its oil wealth. Unsurprisingly, such a plan was defended as if there was no choice to do otherwise. According to ISCI officials, the plan was 'due to terrorist attacks against Shiites and the resulting feeling that it may be safer to stay far from the Iraqi body politic', a long-time ISCI member would say, 'the issue is a reactive one, not one of choice'.<sup>338</sup> 'ISCI began advocating Southern federalism as a way to get the oil in the South, just as the Kurds want in the North', a Basra-native military officer would comment. 'They hope to win over the simple people in the South, by force if necessary, but otherwise making references to Najaf. They're more interested in the financial pay-off than in serving the interests of the people'.<sup>339</sup>

On 4 April 2006, UNAMI arranged a three-day meeting on the shores of the Dead Sea in Jordan to help the Iraqi government to discuss the new oil law and put in place a functioning oil industry.

The meeting would be attended by 13 speakers; only one of them would be Iraqi. Five of the others were from the World Bank and two from the British Government Department for International Development (DFID). Even within UNAMI some pressed for greater Iraqi participation, so that Kamil Mahdi, (Iraqi-British economist at the University of Exeter), was eventually invited. In a furious email-response to the invitation, Kamil Mahdi would express his indignation: 'this is one of the worst talking-down “workshops” I could imagine', he wrote,

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335 Raad Alkadiri, interview with the author, 05/05/2014.

336 International Crisis Group, 'Shiite Politics in Iraq: The Role of the Supreme Council', Middle East Report No. 70, 15 November 2007, p. 17.

337 *Ibid.*, p. 17.

338 Long-time ISCI member, interview with Crisis Group, 02/2007.

339 Military officer, interview with Crisis Group, Baghdad, 17/02/2007.

'it reeks of racism and colonialist arrogance. [...] There is not a single Arab, Iranian, Venezuelan or other expert on the agenda. There is no one from OPEC or OAPEC or even from the hapless UN itself, and no expertise on developing countries'.<sup>340</sup> The legitimacy of the meeting - if not of the 'assistance' itself, of UNAMI - was in danger. So, at the very last minute, Iraqi experts were invited as speakers; amongst them, Tariq Shafiq, a petroleum engineer who had been Vice President and Executive Director of the INOC, and Issam al-Chalabi, former Oil Minister.<sup>341</sup>

Greg Muttitt, investigative journalist for the *Guardian*, *Independent*, *Financial Times* and *BBC*, would be at the conference that day. In his book *Fuel on the Fire: Oil and Politics in Occupied Iraq*, he reports on the meeting.

'I arrived for the last day of the conference', he recalls, 'to find something I'd never seen before: World Bank experts subdued, even shy, chastened'.<sup>342</sup> The Iraqis were the real protagonists of the meeting. They had even questioned whether Iraq needed external capital at all, or whether in fact, Iraq could develop its oil investing domestic resources instead. Indeed, the costs of developing Iraqi oil are so low and the returns so high, that a relatively modest expenditure would quickly be returned within three to five months of production coming on stream. Assuming development costs between \$3,000 and \$5,000 per daily barrel and operating cost is merely \$1 per barrel, selling at a price of \$40 per barrel would take 77-128 days' production; at \$80 per barrel, half this time.

Issam al-Chalabi would indicate that it was not time to make decisions over long-term contracts; Iraq had better focus on its own resources he suggested, and rebuild oil production from existing fields by using its workforce, its money and its own companies. There was time he argued, for foreign investments: they could make decisions on that later, after a few years when their own production would have been rehabilitated. The priorities, the Iraqis speakers agreed, were to depoliticize the Ministry of Oil, re-establish the INOC and 'put the right man in place [as Minister] and let him get on with it'.<sup>343</sup>

Khaled al-Mukhtar, a geology professor at Baghdad University, would add that if Iraq needed to, it could get enough loans from the banks. Iraqis, he commented, were not adverse to using multinational oil companies through technical service contracts; what they did not want were concessions or PSAs. Tariq Shafiq would emphasize the point in his paper 'Oil Industry

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340 Kamil Mahdi, quoted in Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 170.

341 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), pp. 169-171.

342 *Ibid.*, p. 170.

343 Quoted in *Ibid.*, p. 171.

Implications of Iraq's Constitutional Articles': 'couldn't Iraq then hold on unnecessary long-term exploration PSA contracts for a few years or at least until stability prevails and big powers' pressure subsided? [...] In the meantime, the industry can concentrate its capital investment and limited human resources on production capacity growth to bring in the necessary revenue'.<sup>344</sup>

The suggestions put forward by the Iraqis were remarkably reasonable and judicious. And Iraqis were certainly not new to the oil industry: the country could count on respectable engineers, analysts and oil experts. Despite repeated disruptions by wars and sanctions, before March 2003 the Iraqi oil industry had functioned exceptionally well. Such a troubled past had actually forced Iraqis to develop distinctive engineering skills and a number of tough difficulties had been overcome.

Nevertheless, for the US, the UK and the 'international community', Iraqis 'weren't up to the job'.<sup>345</sup> 'Certainly most, and very likely all, managers in Iraq's Oil Industry have spent their entire working lives in an environment which valued secrecy above openness, the status quo against change, party loyalty over ability and corruption over honesty':<sup>346</sup> this was the American and British belief. According to their Western narrative of Iraq, Iraqis were too divided, self-interested and politically immature to survive independently and manage the oil industry. All they needed was just 'a strong signal to the international community about investment in oil, [...] to push liberalization and open [their] markets'.<sup>347</sup>

Thus, as convincing as Iraqi suggestions at the Doha conference were, their contribution would not have had any considerable impact on the future of the oil and gas law. As Greg Muttitt would write, '[those] conclusions were not the [ones] that had been planned for the meeting'.<sup>348</sup>

### **1.3. Drafting the Oil Law: The 2006 Draft**

In late May 2006 the Iraqi government would finally be installed. On 20 May 2006 Hussein al-Shahristani, a 64-year-old man from a religious family in Karbala, would be appointed as oil

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344 Tariq Shafiq, 'Oil Industry Implications Of Iraq's Constitutional Articles', *MEES*, 49:23, 5 June 2006.

345 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 352.

346 'Management and Change in the Iraqi Oil Sector', paper presented at meeting of interdepartmental Oil Sector Liaison Group, DTI, 28 May 2003, obtained through FOIA.

347 Jim Krane, 'Iraq Official Calls for Oil Partnerships', AP, 11 September 2006.

348 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 171.

minister. Two days later after his election, he would declare in an interview that 'the first thing we are going to work on is an investment law to reassure the big oil companies'.<sup>349</sup> He needed to say so, he needed to 'reassure the big oil companies'. From the time of the Doha conference up until then, the oil law had passed through different stages. American advisers had been involved in the drafting process. The Iraqi view expressed at the Doha conference had been completely sidelined. Many 'improvements' had been made in the US's administration view, and Iraqi experts had begrudgingly accepted them as 'the draft is damage limitation, the alternative is far worse'.<sup>350</sup> Yet, despite American pressure to make the law pass, by autumn 2006 the law would not be approved. Some copies of the draft had started to leak out, and the more Iraqis knew about it, the harder it would be to pass the law.

In March 2006, just one month before the Dead Sea meeting, Ron Jonkers arrived in Baghdad to work on the new oil law. 'A good choice for Iraqi oil law job', Greg Muttitt ironically comments, 'an American, paid by the US government, [who] would draft the law to let multinational companies back into the country's vital oil sector, and to determine the rules under [which] they would operate'.<sup>351</sup> Jonkers, an investment lawyer, had worked for BearingPoint, a consultancy that in December 2003 had written a report on how to develop Iraq's oil sector; a few months later the US government's Agency for International Development had chosen him to work on the new law. From 1992 to 2003 Jonkers had been assistant general counsel at the Overseas Private Investment Corporation (OPIC). OPIC was a US government agency which had publicly owned financial institutions that helped fund the Baku-Tbilisi-Ceyhan (BPC) pipeline. The BPC pipeline, which would connect Baku, the capital of Azerbaijan, and Ceyhan, in Turkey, via Tbilisi, the capital of Georgia, had been in the 1990s the target of a major international campaign to prevent human rights violations and environmental damage. As part of a team of lawyers, Jonkers had helped to set up a number of agreements that had effectively put BP's pipeline above the law. 'I could see why Ron Jonkers would seem a good choice for the Iraqi oil law job', Greg Muttitt would comment in his book, 'he was one of the many veterans of the campaigns to liberalise the former Soviet economies who were trying to do the same in Iraq'.<sup>352</sup> Besides Jonkers, other American advisers who had worked in former Soviet republics would be hired by the US to develop Iraq's oil sector.

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349 Mariam Karouny, 'New Iraq Oil Min Seeks Blns in Investments', *Reuters*, 22 May 2006.

350 Tariq Shafiq, quoted in Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 190.

351 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 176.

352 *Ibid.*, p. 182.

Amongst them, Terry Adams, the former head of BP Azerbaijan, who would advise first the CPA and later the Iraqi Oil Ministry; Dan Witt, whose International Tax and Investment Centre started out in Russia and Kazakhstan, who was urging for production-sharing agreements in Iraq; Richard Paniguan of BP, who went from supervising the BTC pipeline to lobbying the British government for access to Iraqi's oilfields, and Dan Speckhard, who had been President Clinton's envoy to the newly independent states from 1993 to 1997 and was now head of US reconstruction in Iraq.<sup>353</sup>

When the former Soviet republics had opened their economies to Western liberalism, American advisers and officials in the region – and amongst them, the above mentioned individuals – had made sure that their economies would be compatible with Western interests. New laws had been written. Unsurprisingly, Western advisers and oil companies heavily influenced the drafting of these laws, setting 'new rules to be rolled out around the world'.<sup>354</sup> Under one of these rules, investor companies had become de facto *immune* from new laws. Such a measure, known as the 'stabilization clause', would freeze or 'stabilize' the body of law with which investors had to comply. If a government was passing a new law that would affect new investors at any point during the length of the contract – up to 40 years –, the government had to either exonerate the investors from the law or pay the cost of their complying. In other words, whereas every citizen in a country had to comply with any law in force at any time, a foreign company with a stabilization clause was not required to do so.

'Perhaps they hoped that Iraq was the new frontier', Muttitt concludes, 'that companies would achieve even greater legal rights than they had in the post-Soviet republics'.<sup>355</sup> Even refuting Greg Muttitt's ideological approach, the first sketch that the group would draft out through the summer of 2006 seemed to proceed in such direction: protecting investors' profits from political circumstance and adopting a legal framework within which investors were stronger than the government.

As foreign investors and international oil companies had strongly demanded, this first draft offered international companies long-term contracts, including production-sharing agreements. It allowed the executive branch of government to sign such contracts without parliament's approval, and it defined the respective roles of central and regional governments within the

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353 *Ibid.*, p. 182.

354 *Ibid.*, p. 179.

355 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 179.

federal system. It stipulated that fields already producing oil would stay in Iraqi hands: the devil was in the detail, because of Iraq's 75 known oilfields, only 25 were producing oil. The others were discovered mainly in the 1970s and had never been developed. International companies would receive the exploration areas, while the undeveloped discovered fields would be jointly managed by international companies and a reconstituted Iraq National Oil Company (INOC). Contracts with international companies could last for up to 30 year; 10 years of production and appraisal, followed by 20 years of development and production. Three types of contract were permitted: service contracts, production-sharing agreements and buyback contracts, as used in Iran, which were somewhere between the two.<sup>356</sup>

'This draft is damage limitation, the alternative is far worse', Tariq Shaifq, one of the speakers at the Doha's conference, would say to Greg Muttitt. All contracts must give the maximum return to the state, Shafiq would explain, and national control could be maintained. 'These were precisely the features I considered too vague', Greg Muttitt objects, '[...] such requirements were by their very nature subjective and could never be enforced by a court or parliament; it would be down to the judgment of the executive branch'.<sup>357</sup> 'I have a lot of faith in this minister', Shafiq would reply, 'he is honest; he is thinking of Iraq's current position in the oil industry'.<sup>358</sup> There was no possibility, in Shafiq's opinion, of saying 'no foreign companies': the government was too beholden to the Americans. The real battle, he would argue, was between the Kurdistan Regional Government (KRG) and the federal oil ministry. If the KRG had its way, Iraq would be torn apart into autonomous regions, competing with each other to offer even-more generous contracts to foreign companies: what Shafiq called 'wholesale PSAs'. At least, INOC had been re-established, and there was no suggestion of part-privatisation, as some had feared, to carry out operational and commercial roles, removing those from political interference by the Oil Ministry. Moreover, the 'first priority task' was to focus on the producing fields, and this would be operated by the INOC.

'The draft is not perfect', Shafiq would admit, 'it can be improved. It cannot change for the worse'.<sup>359</sup>

From winter 2006 to February 2007, the law would change again and again. And Shafiq would be proved wrong. The law could get worse.

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356 2006 Draft Iraqi Oil Law, Articles 5.9-5.11 8.2-8.4, 6.2(c).

357 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 190.

358 *Ibid.*, p. 190.

359 *Ibid.*, p. 203.

## 1.4. Drafting the Oil Law: The February 2007 Draft

'The oil law belongs to the Iraqi people. It's their asset',<sup>360</sup> President George W. Bush declared on 12 June 2006. At that time, people like Tariq Shafiq were still working on that first sketch which would be concluded by the end of the summer. 'The oil law belongs to the Iraqi people': at that point, President Bush needed to use those words. In fact, the draft which was being written at that moment in June 2006, did not seem to respond to such a logic: if that had been the case, the Doha conference would have been enough. In reality, considering the final draft which would be concluded by February 2007, the Americans would never have been able to go forward with their intentions after the Doha conference. They needed to get some Iraqi approval, they needed to somehow eliminate Iraqi opposition. That was the actual sense of the 2006 draft: with the approval of people like Tariq Shafiq, outmaneuvering Iraqi experts so that they were no longer major players.

In all practicality, the 2006 version was just a charade. A gambit to remove opposition-pieces by the chessboard. As the events that followed would show, the Americans and the Iraqi supporters of the oil law, notably ISCI officials, had been disingenuous: the 2006 draft had given them *carte-blanche* to go ahead with their own version of the oil law. The February 2007 draft was what they had wanted all along.

In June 2006, while Tariq Shafiq, Terry Adams and others were working on the draft (although behind the scenes, Ron Jonkers was not technically amongst the writers, the oil minister had turned down his services), President George W. Bush was in Camp David to lead a number of meetings and press conferences. On the second day, together with General George Casey, commander of US forces in Iraq, sat in on an Iraqi cabinet meeting in the Green Zone and announced a strategy for moving Iraq forward. The Nouri al-Maliki government was three weeks old. Maliki, as many observers reported at the meeting, 'did little more than agree with him'.<sup>361</sup> But President Bush insisted that it was Iraqi government strategy, not US. 'I'm impressed by the strength of your character and your desire to succeed. And I'm impressed by your strategy', Bush says to Maliki in front of TV cameras. 'I discussed earlier with the prime minister, and here with his cabinet, and with members of my cabinet, the strategy necessary to have a country that is capable of answering to the needs of people'. And, turning back to Maliki, 'I've come to not only look you in the eye, I've also come to tell you that when America

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<sup>360</sup> *Ibid.*, p. 194.

<sup>361</sup> Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 195.

gives its word, it will keep its word'.<sup>362</sup>

The strategy had three parts. First, to improve security by eliminating militias, promoting reconciliation and the rule of law; second, 'to engage the nations of the region and the world in Iraq's democratic and economic development';<sup>363</sup> and third, to increase oil and electricity production and 'build a foundation for prosperity'.<sup>364</sup> If security was the only official domain of the US administration, on both other objectives the US would somehow take the lead. Deputy Treasury Secretary Robert Kimmitt would be appointed to work with the United Nations to develop what would be known as the 'International Compact', whereby other nations would offer general, financial and technical support for economic and political reforms in Iraq. Amongst the advisers grouped for the project, Energy Secretary Sam Bodman would provide technical advice on the oil law.<sup>365</sup>

Robert Kimmitt had long experience of 'marshaling international pressure on Iraq'.<sup>366</sup> As under-secretary of state he had been responsible for assembling the international coalition to drive Iraq from Kuwait during the 1991 Gulf War. For such a success, he was awarded the Presidential Citizens' Medal by first President Bush. Mark, Kimmitt's younger brother, a brigadier general, had been spokesman for Coalition Operations in Iraq in 2003 and 2004.

The two priority sectors on which the International Compact would operate were energy and agriculture, and first among the required reforms was the passage of the oil law. 'The bargain being struck here is economic reform by Iraq in return for financial support',<sup>367</sup> Kimmitt would explain at the first official meeting of the Compact. In return for certain economic reforms, Iraq would receive aid, amongst them debt reductions, especially from Iraq's neighbors.

Unsurprisingly, the Americans were very keen for the Compact to be seen as Iraq's initiative rather than theirs. So, Deputy Prime Minister Barham Salih was appointed as official leader of the International Compact as well as head of the committee tasked with reviewing and amending Tariq Shafaq's draft oil law. Ron Jonkers, who up until then had been paid by the US government to draft the law without actually contributing to the 2006 draft, now made himself available as technical expert to the committee.<sup>368</sup> Salih, a 46-year-old Kurdish engineer, had spent most of the 1980s and 1990s in Britain and the US and was one of the Iraqi government's

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362 White House press release, 'President Bush Makes Surprise Visit to Iraq', 13 June 2006.

363 *Ibid.*

364 *Ibid.*

365 Greg Muttitt, *Fuel on the Fire. Oil and Politics in occupied Iraq*, (London: Vintage, 2012), pp. 194-196.

366 *Ibid.* p. 196.

367 Jim Krane, 'Iraq Tries to Convince International Donors It's Worthy of Investment', *AP*, 10 September 2006.

368 Lisa [surname removed], British Embassy Baghdad, email 'IRMO Oil Adviser/Iraqi Hydrocarbons Law', 1 May 2006, all obtained through FOIA.

strongest advocates of the economic reforms wanted by those countries. 'Everybody knows he's America's man',<sup>369</sup> Tim Carney, US coordinator for economic transition, would say to an interviewer in April 2008.

Under the International Compact, the consultation over the oil law would work as it had always worked in occupied Iraq. When Oil Minister Shahrstani arrived at the US Department of Energy (DOE) in Washington DC on 26 July, Energy Secretary Bodman spent only ten minutes with him before pushing him into his conference room. Shahrstani would find himself with a group of oilmen – from Chevron, ExxonMobil, ConocoPhillips, BP, Shell and others – who were there to give him their views on the content of the oil law, including the 'requirements or regulatory procedures (redlines) counterproductive to attractive and maintaining foreign investment'.<sup>370</sup> The attractiveness of production-sharing agreements was emphasized, along with a favorable rate of return to offset their risks. They could not accept, though, technical service contracts (in which a state client pays a fixed fee to a contractor to carry out an agreed piece of work). It could not work for them. What they needed was 'certainty and consistency in laws and stable taxing regimes, [...] important to attracting and maintaining long-term investment'.<sup>371</sup> This was a call for the stabilization clauses which had been used in the former Soviet states and elsewhere to protect investors from new laws. Shahrstani said at the press conference at the DOE that he hoped the oil law would pass by the end of the year.<sup>372</sup>

'We know what it takes. It takes partnerships with international oil companies. Iraq needs to send a strong signal to the international community about investment in oil. We need to push liberalization and open our markets'.<sup>373</sup> Barham Salih would sound very clear at the first official meeting of the UN's International Compact in Abu Dhabi on 10 September 2006. 'I'm personally in favour of PSA's', he would say. At the meeting in Abu Dhabi, the draft of the final International Compact agreement would be produced. Among the goals of the oil law, the Compact listed 'promoting foreign investment and private sector involvement on the basis of risk/reward pricing', a reference to giving investors access to unlimited profits rather than

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369 SIGIR interview with Timothy Carney, 5 April 2008, obtained through FOIA.

370 DOE, briefing for Samuel Bodman, meeting with Hussein Shahrstani and oil companies, 26 July 2006, obtained through FOIA.

371 DOE, 'Industry Dialogue on Iraqi Oil and Gas Sector Development', meeting notes, 26 July 2006, obtained through FOIA.

372 Justin Cole, 'Iraq Oil Minister Calls for More Foreign Investment', *AFP*, 26 July 2006.

373 Jim Krane, 'Iraq Official Calls for Oil Partnerships', *AP*, 11 September 2006.

fixed-fee contracts (as insisted by the oil companies in their Washington meeting with Shahristani). It also called for 'consistency and transparency in the application of legal and regulatory frameworks' – a clear reference to stabilization clauses – and 'an international arbitration option for investment disputes'.<sup>374</sup> Moreover, whereas the 2006 draft had emphasized the importance to focus first on producing fields first and building up Iraqi capacity, the new draft raised the priority of exploring new fields, which would be carried out by foreign companies. The role of the reconstituted INOC would also be further limited. The 2006 draft had given INOC a joint role in managing oil fields that were known but not yet developed; the new version split these 'greenfields' into two lists: one for fields concerning joint management and one for those where INOC would only have a role if it won an auction against multinational companies.<sup>375</sup> The 2006 version had reluctantly included international arbitration provisions. Shafiq had accepted it but only because it was a red line for the oil companies. 'No company would accept that you [the state] have the last word on a decision',<sup>376</sup> he would explain. However, he had demanded that a note under the arbitration clause would be added: 'for consideration, some countries do not accept arbitration between a commercial enterprise and themselves on the basis of sovereignty of the state'.<sup>377</sup> The International Compact agreement would delete this warning. And the arbitration provisions would be confirmed.

Production-sharing agreements; stabilization clauses; unlimited profits for foreign companies rather than fixed-fee contracts; international arbitration provisions; impoverished role of INOC; the worst was yet to come. As Shafiq had once argued, the real battle was about who would negotiate and sign the contracts. ISCI interests, in fact, were all about this. The Kurdish parties were represented in the committee by two strong individuals, Barham Salih himself (who was, as said, a Kurdish engineer), and Ashti Abdulla Hawrami, the Kurdistan Regional Government's (KRG's) Natural Resources Minister. Their aim was to make sure that their regional government would have the authority to sign contracts with foreign companies. They already had the constitution on their side and they were, indeed, the most organized negotiating group. The first draft had established a new Federal Oil and Gas Council (FOGC) to negotiate and sign contracts where each region would provide a third of the members. The new draft reduced the role of the FOGC, delegating the contracts to the regional level (in areas

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<sup>374</sup> *The International Compact with Iraq*, Section 4.5, p. 21.

<sup>375</sup> Draft Oil and Gas Law, 15 February 2007, translated by KRG, Articles 8(F), 6(B).

<sup>376</sup> Tarif Shafaq, interview with Greg Muttitt, 8/7/2009.

<sup>377</sup> 2006 Draft Iraqi Oil Law, Article 32.

where federal regions existed; elsewhere it would remain with the Oil Ministry). The FOGC would review the contracts only after a regional government had initially signed them; if the FOGC would not object within two months by a two-thirds majority of its members, the contract would stand. For ISCI, this was the best possible scenario. Indeed, what they wanted was to 'imitate the Kurdish experience with respect to Kirkuk and oil'.<sup>378</sup> Al-Hakim wanted to become 'the Barzani of the South'.<sup>379</sup> If ISCI did not have the constitution on its side, as Shiastan did not exist as an official federal region, this scenario was the best they could have hoped for. And this scenario was exactly what Shafiq had desperately tried to avoid, even accepting an oil law which, in his words, was 'not perfect', was just 'damage limitation'. 'He now foresaw a fragmented and uncoordinated Iraqi oil industry in which regions competed with each other to attract investment, each offering lucrative terms in a race to the bottom, with the Iraqi people the losers'.<sup>380</sup>

In May 2006 Shahrastani had promised an oil law within three months; by autumn 2006, no law had been passed yet. By then, the draft had improved considerably from the US administration point of view. Passing the oil law had now become a priority for US officials in Iraq, even somehow more significant than improving security. 'Iraqi leaders must step up to achieve key political and security milestones on which they have agreed', Ambassador Zalmay Khalilzad insisted at a press conference in the Green Zone on 24 October. 'First among these, there is enacting an oil law which is of critical importance'.<sup>381</sup>

During 2006, the level of violence in Iraq had worsened considerably. The number of attacks had increased from 75 per day in January to 180 per day in October.<sup>382</sup> During the course of the year, the number of civilian deaths had passed from around 1,300 per month to nearly 3,000: it had just doubled.<sup>383</sup> Since the bombing of the al-Askari shrine in Samarra in February 2007, Iraq would descend into a bloody sectarian civil war. The bipartisan Iraq Study Group, chaired by former Secretary of State James Baker and veteran Congressman Lee Hamilton, was tasked to find a solution to a situation which was by then out of control. The principal advice of the group's report was a phased withdrawal of troops; in terms of centrality to a solution,

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378 Retired police officer, interview with Crisis Group, Baghdad, 02/03/2007.

379 International Crisis Group, 'Shiite Politics in Iraq: The Role of the Supreme Council', Middle East Report No. 70, 15 November 2007, p. 17.

380 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 204.

381 Ambassador Zalmay Khalilzad, joint press conference, Baghdad, 24 October 2006.

382 *Iraq Index*, 29 January 2007, p. 20.

383 Iraq Body Count, <https://www.iraqbodycount.org/database/>, accessed on 13/05/2014.

economic development would follow, and this would require, the report said, investment in the oilfields, which could come only from multinational companies. The report was just endorsing the role of Ron Jonkers, Sam Bodman and others by recommending, 'as soon as possible, the US government should provide technical assistance to the Iraqi government to prepare a draft oil law that defines the rights of regional and local governments and creates a fiscal and legal framework for investment. Legal clarity is essential to attract investment'.<sup>384</sup> It went forward saying that 'the United States should encourage investment in Iraq's oil sector by the international community and by international energy companies'.<sup>385</sup> The January 2007 'surge' announced by President Bush went towards the same direction: together with sending 28,000 additional troops in Iraq, a series of political benchmarks was set out, objectives that the Iraqi government was expected to achieve in the coming months. Amongst the 18 benchmarks in all, there was one which would have most of the administration's attention: the passage of the oil law. Passing the oil law was now depicted as the Iraqi government living up to its responsibilities. 'It's their country', Donald Rumsfeld would note, 'they're going to have to govern it'.<sup>386</sup>

On 24 February 2007 Ambassador Zhalilzad met Kurdish leaders at Dukan, the largest lake in Kurdistan. At the end of their negotiations, a press conference was held and a first agreement on the oil law announced. 'Under the national hydrocarbon law approved this week by Iraq's Council of Ministers, oil will serve as a vehicle to unify Iraq and will give all Iraqis a shared stake in their country's future', Zhalilzad would celebrate in an editorial in the *Washington Post*. ' [...] It provides the legal framework to enable international investment in Iraq's oil and gas sectors, a break from the statist and over-centralized practices of the past'.<sup>387</sup> Two days later the law was formally approved in a meeting of the Iraqi cabinet. In a statement issued by the meeting that approved the draft text of the law, the cabinet committed itself to completing the appendices and other details and declared that the text would be submit to the parliament by 15 March 2007. Finally, the statement said, they would implement the law by the end of May 2007.

## **1.5. Rejecting the Law. The Iraqi Soul**

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384 James Baker and Lee Hamilton (co-chairs), *The Iraq Study Group Report*, (New York:Vintage), p.ix.

385 Ibid., Recommendations 62-3, pp. 84-85.

386 David Cloud, 'U.S. to hand Iraq a new timetable on security role, *NYT*, 22 October 2006.

387 Zalmay Zhalilzad, 'A Shared Stake in Iraq's Future', *Washington Post*, 3 March 2007.

When looking at Iraq *here and now*, it is hard to be optimistic. Stretching from the Gulf to the Anti-Taurus Mountains, straddling the Tigris and Euphrates rivers, once home to some of the earliest civilizations, Iraq is now cursed with a dysfunctional political system, corrupt politicians and major influences from neighboring Iran and Western powers. An economy devastated by the 1980-88 war with Iran, the 1991 Gulf War, the consequent international sanctions and the 2003 invasion. The world's fifth largest reserves of crude oil but crippled exports, damaged by attacks, smuggling and corruption. The American occupation and the subsequent violence. Since 2003, a sectarian civil war which has caused between 124,000 and 137,000 civilians deaths.<sup>388</sup>

Yet, both recent and ancient history might encourage a more optimistic view of Iraq's future. Once, a thousand years ago, Baghdad was the intellectual capital of the world, a legacy that still continues. The country has impressive levels of political literacy: ordinary people, as Western journalists have reported in various occasions, are surprisingly willing to debate the issues of the day.<sup>389</sup>

'In a culture as old and rich as Iraq's, even dictatorship, occupation and extreme violence cannot subdue the population'.<sup>390</sup> And this maybe explains what prevented the oil law from passing.

The oil law struggle would end with an Iraqi people victory. After the final draft of the new oil law in February 2007, a grass-roots movement led by trade unions, oil experts and subsequently political parties and religious groups stopped the passage of the oil law. An impressive and surprising achievement, considering that one of the major global superpowers had made it a top priority and even sent additional troops to achieve its aim.

'Oil is a unifying issue for Iraq's people as much as it is a divisive one for its politicians'.<sup>391</sup> The struggle over the oil law somehow reasserted an Iraqi national character, creating a space in which Iraqis organized together across sectarian boundaries.

On 10 December 2006, 18 Iraqi union leaders would meet in Amman to discuss what was happening to Iraq's oil and how it would affect them. Hassan Juma'a was there with three colleagues from the Iraq Federation of Oil Unions from Basra, together with six leaders of the General Federation of Iraqi Workers, three members of the Federation of Workers' Councils and Unions in Iraq and five leaders from the two Kurdish federations – from Irbil and

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388 Iraq Body Count, <https://www.iraqbodycount.org/database/>, accessed on 13/05/2014.

389 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 360.

390 Christine Spolar, 'Voices From Baghdad', *Financial Times*, 7 March 2014.

391 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 362.

Sulaymaniya.

Hassan Juma'a started off the meeting. 'This law aims to produce profits for foreign companies through long-term contracts like PSAs, but at the expense of the Iraqi people', he explained very clearly. 'This law would make the Iraq National Company the sick man. Maliki promised the oil law wouldn't be ratified without you. Unfortunately that's not what they're doing now'.<sup>392</sup>

The unionists would thoroughly discuss the implications of the law. According to Iraq's Planning Ministry, unemployment was already over 50%.<sup>393</sup> Unionist fears were that foreign oil companies would bring in foreign workers and Iraqis would lose their jobs; that various services, such as site medical teams at oil facilities, would be cut; that multinational oil companies would break any attempt by workers to defend their rights: they knew of the companies' reputation for union-busting, they were not new to the international oil industry. If oil revenues went to foreign companies, how would the government be able to rebuild Iraq's infrastructure and public services? How would the Iraqis be able to support their families? What would happen to them? 'We speak in the name of Iraq, not Kurdistan, we are an integral part of Iraq',<sup>394</sup> Ramadan Hassan, leader of the Kurdistan General Workers Syndicates Union would say. 'We are completely opposed to privatization, and have been since 1958',<sup>395</sup> the Kurdish workers would state together with their Arab brothers.

The next day the unionists began drafting a statement. 'Given the vital importance of oil to the economy', the statement demanded 'the right to the Iraqi people to read the draft oil law under consideration. The Iraqi people refuse to allow the future of their to be decided behind closed doors'. They could not be more clear about their view on the law. 'Iraqi public opinion strongly 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. They aim to rob Iraq's national wealth by virtue of unfair, long term contracts that undermine the sovereignty of the State and the dignity of the Iraqi people'.<sup>396</sup> With this statement, the battle to stop the oil law had begun.

As with any other battle, it would cause casualties. On 11 January 2007, eight members of the

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392 Hassan Juma'a, quoted in Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 217.

393 Deepa Babington, 'About Half of All Iraqis Unemployed – Govt. Official', *Reuters*, 9 February 2006.

394 Ramadan Hassan, quoted in Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 218.

395 Quoted in Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 218.

396 Hassan Juma'a Awad et al., 'Statement Issued by the Iraqi Labor Union Leadership'.

Federation of Workers' Councils were kidnapped on their way to a press conference billed as criticizing the oil law. Four of them were later found dead.<sup>397</sup> Trade unionists were taking a huge risk. So many powerful and dangerous interests were involved.

A number of meetings and press conferences would be held during the first months of 2007. Statements would be published protesting that 'production-sharing agreements would put the Iraqi economy in a straitjacket and would compromise Iraqi sovereignty as happened in the past'.<sup>398</sup> Oil expert Fouad Qasim al-Ameer would argue that it would be disastrous to decide the fate of future generations 'under the rule of the occupation, with insecurity, poverty and corruption spreading like wildfire'.<sup>399</sup> Tariq Shafiq, who had once contributed to the drafting of the law, was now strongly opposing the final version. 'Without a central unified policy', he would write in a paper presented to a meeting, 'there will be differences and competition between INOC (producing and marketing its export oil to provide the state's income) and the regions and governorates (prioritizing exploration for additional reserves that will not be required for many years to come), as well as friction and resentment between the haves and have-nots amongst the various regions and governorates'.<sup>400</sup>

The Oil Ministry and Shahrastani were taken by surprise. 'There is blackmailed propaganda campaign against the draft law', he would comment, 'which is being launched by some parties that don't want Iraq to achieve progress and who want to make this government a failure'.<sup>401</sup>

In March, politicians and religious groups would be involved in the campaign. On 9 March the politician Issam Chalabi would organize a larger gathering at Amman's Four Season Hotel, broadcast on several Iraqi and Arabic television channels.<sup>402</sup> Saleh al-Mutlaq, the secular head of the National Dialogue Front, Usama al-Nujaifi, a prominent member of the Iraqi National List who had been minister of industry in Allawi's government, and other parliamentarians would express their concern at the meeting. 'We have no need for foreign companies. We have experienced enough to reap the fruit of our health. We don't want a law that will further divide us. We need a law that will be for the Iraqi people',<sup>403</sup> Saleh al-Mutlaq would say. 'The oil law project in the form as sent to parliament is very dangerous, and in it is the partition of Iraq and the dissipation of its riches',<sup>404</sup> Usama al-Nujaifi would add. The Association of Muslim Scholars

397 Greg Muttitt, *Fuel on Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), pp. 218-219.

398 Final Conference Statement, Basra, 6 February 2007, translated by Kamil Mahdi.

399 Fouad Qasim al-Ameer, 'Discussion on the Iraq Oil Law', *al-Ghad*, 20 February 2007, <http://www.alghad.org/2007/02/20/discussion-on-the-iraq-oil-law/>, accessed on 14/05/2014.

400 Tariq Shafiq, 'Iraq's Draft Petroleum Law: An Independent Perspective', *MEES*, 49: 8, 19 February 2007.

401 Spencer Wartz and Hassan Hafidh, 'Gaps Remain Between Iraq, Kurdish Govts on Oil Law', *DJ*, 26 February 2007.

402 'Iraq Experts Say Draft Oil Industry Law Fraught With Problems', *AFP*, 18 March 2007.

403 *Ibid.*.

404 *IraqSlogger*, 'Iraqi List Deputy Bashes Draft Oil Law', 13 March 2007.

was there to add a religious dimension to the oil law critique. The AMS noted that the oil would reverse the popular Law 80 and the nationalization of the 1970s. 'We caution the political parties', they would argue in their statement, 'especially those that are active in pushing for this law, and which are known to the sons of our people, that they are moving in the wrong direction. [...] We caution them that the Iraqi people is watching all these scenes and will not allow anyone to trade its resources. The Iraqi people will not forgive any person who squanders its resources'.<sup>405</sup> With such a wide group of parliamentarians and religious people now expressing their critique against the law, Chalabi noted that 'this is what caused Shahrastani to be really nervous'.<sup>406</sup>

Growing the campaign, the US advocates of the oil law were concerned to see it passed before that opposition got any stronger. General David Petraeus, who had replaced George Casey as commander of the Coalition Forces in January 2007, liked to use the metaphor of two clocks going at different speeds. The Baghdad clock was moving too slowly compared to the Washington one. The Iraqi government was failing to 'get on with the job'.<sup>407</sup> And the Washington clock was ticking. How could such pressure be justified? Not only in Iraq, internationally. The Americans were liberators, not colonizers, how could forcing the Iraqis to give up control of their oil fit this narrative? What do multinational oil companies have to do with democracy? The solution, as ever, was to deny that oil privatization was a policy decision at all. It was instead portrayed as a self-evident necessity. And whereas the US could not legally take control of Iraq's natural resources, it did have a legal and moral duty to provide security. The oil law was described as a peace-building measure which the US could then claim justification for pressuring the Iraqis to enact it. According to them, Iraq's warring communities would see a common advantage in peace and security and they would all benefit from the wealth.<sup>408</sup> Investment could bring peace: US military handbooks like 'Money as a Weapons System' had taught that.<sup>409</sup> Moreover, the oil law was presented as being about a fair sharing of revenues. In early March 2007 the White House had announced that 'Iraq's Council of Ministers approved a national hydrocarbon law that provides an equitable distribution of oil

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405 Association of Muslim Scholars, 'Statement No 382 Concerning the Oil and Gas Law', 6 March 2007, translated by BBC Monitoring, 'Iraqi Sunni Group Warns Parliament Against Passing Oil and Gas Law'.

406 Issam al-Chalabi, interview with Greg Muttitt.

407 General David Petraeus, quoted in Greg Muttitt, *Fuel on the Fire: Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 225.

408 For example, Sean McCormack, State Department daily press briefings, 26 February 2007.

409 SIGIR, *Hard Lessons*, p. 245.

revenues throughout the country'.<sup>410</sup> To put it simple this was just not true. That draft approved in February by the Iraqi Council of Ministers allowed long-term contracts to be signed with foreign companies, but did not relate at all to revenues. It just stated in Article II that a separate law about this had to be prepared.<sup>411</sup> The first draft of that revenue sharing law would be written only three months after that White House statement, in June 2007.

Ignorance of Iraqi realities is not unusual. It is really remarkable though, that in the context of defending the oil law internationally, the law became widely known as the 'revenue sharing law'.<sup>412</sup> According to this view, the oil law was all about a fair sharing of revenues and it would help to fight the sectarian violence which was raging the country (and still does now). As analyzed, the oil law would prospect a completely different scenario. And in fact, Iraqi purveyors of the law, notably ISCI officials, were amongst the most sectarian political forces in the country, pursuing the idea of a federal autonomous Southern Shi'a oil-rich region. The Kurdish parties in fact had warmly embraced ISCI's proposal: for them, the Southern independent region was a handy *quid pro quo* for their own bid for Kirkuk.<sup>413</sup> Despite the American argument that the oil law would guarantee a fair sharing of revenues, any federalist projects, plans or visions had instead put oil on the fire of sectarian debate and violence. To Sunnis, Shi'as and Kurds were divvying up oil fields between them (Kirkuk to the Kurds, Basra to the Shi'as), leaving them landlocked and without resources.

On 16 May Maliki personally met Hassan Juma'a to negotiate a resolution. The union was insisting that, along with other civil society groups and experts, it should be given the opportunity to study the oil law.<sup>414</sup> During a 90-minute meeting in Baghdad, Maliki said that he did not have the expertise to discuss the oil law himself, but that he would accept that civil society had a role in the debate.<sup>415</sup> The truce, however, did not last. Salah Aziz, head of the state-owned fuel distribution company, declared that he would not accept the Prime Minister's agreement with the union. And Oil minister Shahrستاني, according to the oil workers, was on Salah Aziz's side.<sup>416</sup>

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410 White House, 'Pursuing a Strategy for Success in Iraq', 6 March 2007, <http://www.whitehouse.gov/news/releases/2007/03/20070306-4.html>.

411 Article 11, 'Draft Oil and Gas Law', 15 February 2007, translated by KRG.

412 Sean McCormack, State Departement daily press briefings, 26 February 2007.

413 International Crisis Group, 'Shiite Politics in Iraq: The Role of the Supreme Council', Middle East Report No. 70, 15 November 2007, p. 18.

414 Ben Lando, 'Oil Strikers Met by Iraqi Troops', *UPI*, 6 June 2007.

415 Hassan Juma'a, Interview with Greg Muttitt, Rome, 29/05/2007.

416 Mohammed al-Kadhim (Solidarity Center), Interview with Greg Muttitt, Amman, 12/06/2007.

'The atmosphere here is full of tension, but this will not stop us because we're defending people's rights'.<sup>417</sup> In response to Salah Aziz's refusal to discuss the oil law with civil society, on 4 June 2007, 1,500 protesting workers went on strike. Hassan Juma'a and other leaders of Iraq Federation of Oil Unions arrived at the distribution terminal by Basra refinery around 8.am. They were facing the newly trained soldiers of the Iraqi army's 10<sup>th</sup> Brigade, who were surrounding the terminal with more than 30 Humvees.<sup>418</sup> The striking workers had shut off the flow of fuel through two 14-inch pipelines to Nasiriya, Diwaniya and Hilla. The soldiers raised their weapons and a group of them tried to grab Jawad Kadhim, the chief of the trade union section in the distribution company. 'Either you take us all, or you leave us all', his colleagues would say to the soldiers in defense of their leader.

The next day the protest would escalate. Workers would close two pipelines, cutting off gas supplies to power stations, petrochemical, fertilizer, steel plants, and the supply of fuel to Baghdad. After that, the union would plan to extend the strike to the rest of the oil industry. Production and exports would be affected.<sup>419</sup>

In 'one of the most decisive acts of his first 15 months in office',<sup>420</sup> Prime Minister Nouri al-Maliki declared that he would 'strike with an iron fist anyone that would tamper with the public order or carry out evil schemes undermining the state's higher interests'.<sup>421</sup> He would send military troops and issue arrest warrants for the union leaders, including Hassan Juma'a. They were accused of 'sabotaging the Iraqi economy' and serving the agendas of Iraq's neighboring countries: an extremely dangerous accusation in the context of the sectarian civil war.

At 1 pm the stand-off at the terminal was continuing. General Ali Hamadi arrived with the arrest warrants, but the police guarding the oil facilities stopped him from carrying out the arrests. With flammable gases in the air, any shooting could lead to an explosion. The year before Prime Minister al-Maliki had chosen Ali Hamadi as commander of security forces in Basra for his independence from local parties and factions. But it was his independence that would make him move to the workers' side. During several hours of meetings with the union leadership, he became persuaded of their case, and reported it to the government. He promised Juma'a that he would try to convince the government to change its position. He asked him to suspend the strike for a week and assured him that, if he failed with Maliki, he would resign

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417 Ben Lando, 'Oil Strikers Met by Iraqi Troops', *UPI*, 6 June 2007.

418 Farouk Mohammed Sadiq Ismael, Interview with Greg Muttitt, Basra, 20/12/2009.

419 Aref Mohammed, 'Iraqi Oil Pipeline Workers Strike', *Reuters*, 5 June 2007.

420 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London:Vintage, 2012), p. 238.

421 Aref Mohammed, 'Iraqi Oil Pipeline Workers Strike', *Reuters*, 5 June 2007.

and join the protest.<sup>422</sup>

'One person directly involved in the events', Greg Muttitt recalls in his book, 'told me there was another factor behind the general's decision to compromise: the Basra head of the Jaysh al-Mahdi, Muqtada al-Sadr's militia, warned that if the troops harmed the unionists, his fighters would burn down the houses of the army officers. The person who told was no sympathizer of the Jaysh al-Mahdi, but believed on this occasion he was on the right side'.<sup>423</sup>

Interestingly, the main rival of ISCI has always been the Sadrist movement.

A joint statement by the AFL-CIO and TUC, the American and British trade union confederations, strongly requested that 'the Iraqi government pull back its security and military forces and cease its menacing threats to arrest and attack these workers immediately. [...] In no way do these peaceful actions warrant the strong intimidation tactics, such as the armed forces surrounding striking workers. We urge the Iraqi government to return to the bargaining table as requested by the union, and come to a negotiated plan'.<sup>424</sup> AFL-CIO President John Sweeney would write to Secretary of State Condoleezza Rice, demanding that she should use diplomatic channels to 'convey to the Iraqi government that military intervention is not the way to resolve this dispute'.<sup>425</sup>

At 6 pm, Justice Minister Safa ad-Din, accompanied with General Hamadi, arrived to Basra to negotiate with the union. Until midnight, they discussed to reach an agreement. In the end the strike was suspended for seven days, during which the government should implement what Maliki had agreed to on 16 May. During that week, workers' representatives visited religious leaders in Najaf. They would report that Grand Ayatollah Ali Sistani, the highest Shi'a authority in Iraq, 'reprimanded' the oil ministry for the injurious line he had taken. The action was significant: up until then, Sistani had been seen very close to the minister.<sup>426</sup>

The following Monday the agreement with Maliki would be implemented. The union declared victory. 'The workers will is indestructible,' said the union's victory statement. 'The workers can achieve what they want by the means available to them and their strength. And the oil workers are very strong, because they have a legitimate right'.<sup>427</sup>

On the American side, throughout 2007, there would be growing understanding that the oil law

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422 Hassan Juma'a Interview with Greg Muttitt, Amman, 05/09/2009.

423 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 239.

424 AFL-CIO-TUC joint statement, 'American and British Unions Back Iraqi Workers' Strike, 6 June 2007, <http://tuc.org.uk/international/tuc-13366-fo.cfm>., accessed on 16/05/2014.

425 AFL-CIO press release, 'AFL-CIO Calls on Iraq to Stop Threatening Workers in Oil Fields, 7 June 2007.

426 Greg Muttitt, *Fuel on the Fire. Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 240.

427 Hassan Juma'a statement, 11 June 2007, translated by Sami Ramadani.

was probably not to pass. Indeed, during the course of 2007, the campaign by the unions and oil experts would have a major impact on the political side. Many in parliament would move against the law. At the March 2007 meeting with the oil experts, Saleh Mutlaq's secular National Dialogue Front, with 11 seats in parliament, and Usama al-Nujaifi, a leading member of Ayad Allawi's Iraqi National List with 25 seats, had come out against the oil law.<sup>428</sup> In April, the Sunni Tawafuq (Accord Front) with 44 seats, would issue a statement for the law to rule out PSAs.<sup>429</sup> Planning Minister Ali Baban, Iraqi Islamic Party, in July threatened to resign 'one hour after its passage' if the law was not changed.<sup>430</sup> In May, Vice President Tareq al-Hashemi, leader of the Iraqi Islamic Party, also condemned PSAs: 'we disagree with the production-sharing agreements', he said, 'we want foreign oil companies, and we have to lure them into Iraq to learn from their expertise and acquire their technology, but we shouldn't give them big privileges'.<sup>431</sup> Two of the parties in the Shi'a United Iraq Alliance (UIA) also moved against the oil law. In June, the Basra-based al-Fadhila (Virtue) party, with 15 seats, demanded a delay to the law until after the constitution had been amended.<sup>432</sup> Finally, the strongly anti-occupation party loyal to Muqtada al-Sadr, with 29 seats, forcefully attacked the law in July, calling for companies 'whose governments are occupying Iraq' to be explicitly excluded from any oil contracts. 'The most serious problem with the law', Nasser al-Rubaie, spokesman for the parliamentary Sadr Current would argue, 'is the production-sharing agreements, which we categorically reject. [PSA's would] undermine Iraq's sovereignty in the short run and will strip it of its sovereignty in the long run'.<sup>433</sup> Between them, all these parties had 126 seats in parliament.

The struggle over the oil law would thus help to promote a change in Iraq politics. Whereas in 2005 parliament's configuration had been largely tripartite -Shi'a, Sunni and Kurdish blocks – now two 'factions' were emerging which cut across those lines. On one side, there were the 'nationalists', as Iraqi-Palestinian blogger Raed Jarrar called them,<sup>434</sup> who held traditional Iraqi views of national unity and centralized power. They were most opposed to the ongoing occupation, and would strongly reject US political agendas, including privatization. On the

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428 Greg Muttitt, *Fuel on the Fire, Oil and Politics in Occupied Iraq*, (London: Vintage, 2012), p. 243.

429 'Iraqi Sunni Bloc Wants Ban On Oil Production-Sharing Deals', *Platts Commodity News*, 24 April 2007.

430 'Minister to Resign If Oil Bil Passes', *IraqSlogger*, 20 July 2007.

431 Jamal Halabi, 'Iraq's VP Opposes Draft Oil Bill, Claims it Gives Too Many Concessions to Foreign Firms', *AP*, 20 May 2007.

432 Hiba Dawood and David Enders, 'The Battle for Iraqi Oil', *Left Turn*, 10 June 2007, <http://www.leftturn.org/?g=node/679>, accessed on 07/03/2014.

433 'Sadr bloc joins Sunni in Rejecting Iraq Oil Law', *AFP*, 5 July 2007.

434 Raed Jarrar, 'False Sectarianism and The Battle for Oil', *Fellowship*, fall 2007, pp. 18-20.

other side, there were the 'separatists': pro-occupation and supporters of a strong federalism. They wanted powerful regional governments which would be defined in the form advocated by the US administration: ethno-sectarian identities and foreign investment.

On 4 July the Association of Muslim Scholars (AMS) issued a *fatwa* on the oil law. For this thesis, this is extremely significant. AMS represents the Sunni community in Iraq. As said, Sunnis were anything but happy about Shi'a and American plans on oil. If in the case of Iraq, such plans would have excluded the Sunnis from oil wealth, broadly speaking this can be seen as evidence of a divisive and contrasting oil plan between the Sunni and the Shi'a community and, indeed, a recent empowerment of the Shi'a one which, certainly, worries the Sunni one. According to the teachings of the Prophet, water, pasture and fire could not be owned by individuals or the state: they were instead common property of the *umma*, the world-wide community of Muslims, over which the state has the role of guardian. As explored previously when talking about the global oil market, this is highly relevant for our research. In the Arab-Muslim world, 'a person who has no real authority, no free will, is not entitled to sign on behalf of the *umma* a contract or covenant [...]'.<sup>435</sup> The signing of any contract that *umma* does not recognize is *haram* [religiously forbidden] and 'considered to be null and void from a *Shariah* [Islamic religious law] and a common-sense point of view'. According to the AMS *fatwa*, under conditions of occupation the state has neither the legitimacy or the ability to take care of resources on behalf of the people. 'When [a] country is under occupation of the marauding military forces, or [...] encountering unstable conditions in which people cannot express their free will openly, [voting for the oil law] will be damned with the wrath of God and must bear the consequences of the crime of collaborating with the enemy in stealing common wealth'.<sup>436</sup> Up until then, the Scholars had issued only four *fatwa* in the four and half years of their existence. According to AMS spokesman Bashar al-Faydi, as the association would issue *fatwas* so rarely, they would have a lot of impact when they did.<sup>437</sup>

In late June, the Anti-Oil Law Front was established. Subhi al-Badri of the Federation of Workers' Councils was amongst the founders, together with the oil workers' union and several Baghdad-based civil society groups. The Front's first demonstration would be on 7 July in Tahrir [Liberation] Square, in the heart of modern Baghdad: hundreds of workers would be around the Baghdad's most famous Liberty Monument: the symbol of the 1958 revolution.<sup>438</sup>

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435 AMS, Fatwa on Oil Law, 4 July 2007, translated by Yahya Hamied.

436 AMS, Fatwa on Oil Law, 4 July 2007, translated by Yahya Hamied.

437 Bashar al-Faydi, Interview with Greg Muttitt, Amman, 23/08/2009.

438 'Hundreds of Iraqi Protest Draft Oil Law', *AFX News*, 16 July 2007.

The Anti-Oil Law Front, Subhi, soon to be another Iraqi force against the oil law, would say 'the law of slavery and servitude'.<sup>439</sup> Then, on 16 July, hundreds of workers from all unions would march through Basra. They would carry a black coffin labeled FREEDOM. 'If this [oil law] is endorsed by the parliament it would abolish sovereignty and hand over the wealth of this generation and the generations to come as a gift to the occupier', said their statement. 'This law in fact destroys the achievements of the Iraqi masses and especially the Law Number 81 of 1961 and the nationalization of 1973'.<sup>440</sup>

Iraq's civil protest had been so powerful that even internationally the campaign would become a *cause célèbre*. Six Nobel Prize winners would condemn the inclusion of the oil law benchmark in the US Congress Supplemental Appropriation Bills. 'A law with the potential to so radically transform the basic economic security of the people of Iraq should not be forced on Iraq while it is under occupation and in such a weak negotiating position *vis-à-vis* both the US government and foreign oil corporations',<sup>441</sup> they declared in July. 'The Iraqi Oil Law could benefit foreign oil companies at the expense of the Iraqi people, deny the Iraqi people economic security, create greater instability, and move the country further away from peace [...] It is immoral and illegal to use war and invasion as mechanisms for robbing a people of their vital natural resources'.

On 8 September 2007, the Kurdistan Regional Government (KRG) announced that it had signed a production sharing agreement for oil development rights over an area of 800 square kilometers centered on Semroot. The beneficiary was Hunt Oil, a mid-sized, privately owned company based in Dallas. Oil Minister Shahrstani declared the deal illegal, as only the national government had the right to sign the contracts.<sup>442</sup> 'For people who are shouting that this is illegal, our advice to them is, "Shut up!"',<sup>443</sup> hit back KRG Natural Resources Minister Ashti Hawrami. This foolish and undiplomatic row marked the collapse of the deal brokered by the Ambassador Khalizad at Dukan. Since then, the more people had found out about the law, the more parliamentary opposition had grown to it. Despite all US pressure on the September deadline, even among the US allies in Iraqi parliament there was no prospect of agreement on the oil law.

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439 Iraq Freedom Congress, 'The Anti-Oil Law Frontier Stages a Mass Demonstration in Baghdad', 5 July 2007, <http://www.uslaboragainstar.org/article.php?id=14029>, accessed on 04/03/2014.

440 'Hundreds of Iraqi Protest Draft Oil Law', *AFX News*, 16 July 2007.

441 Nobel's Women Initiative, 'In Support of the Iraqi People in Opposition to the Iraq Oil Law', 19 June 2007.

442 'Iraq Oil Minister Denounces Hunt's PSC with Kurdistan', *Platts Oligram News*, 85:79, 11 September 2007.

443 Jim Landers, 'Hunt Oil Could Help Shape Kurds' Future', *Dallas Morning News*, 24 October 2007.

The failure to meet the September deadline consolidated the pressure: it was by then clear to everyone that there would not be an oil law for a long time. A remarkable victory had been won by Iraqi civil society: union traders, workers and experts. Not only had the unpopularity of the US-sponsored legislation been proved, but also the capacity of Iraqi civil society to organize even in the most difficult circumstances. Despite military escalation, persistent threats and economic inducements, the US had failed to achieve one of their primary goals of the last 18 months. The American administration naturally kept blaming the oil law stalemate on ethnic and sectarian divisions. On the contrary, as thoroughly explained, sectarian aspirations of sectarian parties (like ISCI indeed is) had pushed for the law to pass and collaborated with the US in this. In fact, although sectarianism had caused unmanageable uprisings and a civil war, many American mistakes contributed to the Iraqi sectarian violence. Unsurprisingly, however, the impression that ethnic and sectarian divisions had prevented the law from passing, was unanimously espoused by the international media.

In private, however, officials expressed a truer frustration. A cable from Ambassador Crocker in early 2008, complained that foreign investments in Iraq's oil had been 'subject to ultra-nationalist hype about foreign exploitation'.<sup>444</sup>

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<sup>444</sup> Ryan Crocker/US embassy Baghdad, Cable 2008-Baghdad-471, 'Fine Tuning Our Position On Oil', 19 February 2008, obtained through FOIA.