President Bush needs to disclose administration’s real ‘goal’ in Iraq

Remember Jed Clampett from the Beverly Hillbillies? Most recall the catchy tune from the series, especially this part: “One day he’s shootin’ at an old food … up from the ground comes a bubblin’ crude … oil that is … black gold … Texas tea.”

Because Iran is sitting on a mother lode of some of the most accessible oil — and with current technology — getting at Iran’s oil is akin to oil Jed “shootin’ at one food …”

According to the Oil and Gas Journal, industry estimates tell us they can produce a barrel of Iraqi oil for less than $1.50 and possibly as little as $1, including all exploration, oilfield development and production costs …

How does this rate with other regions? Production costs run between $5 to $8 in Malaysia, Mexico and Russia (although Mexico’s costs are probably much higher), and about $10 to $12 in the American southwest. The oil in Kern County costs considerably more to take out.

This explains why oil and the pending Hydrocarbon Law sitting in Iraq’s Parliament, was at the top of Adm. William J. Fallon closed-door meeting with Iraq’s Prime Minister Nuri Kamal al-Maliki in the spring. His goal was to get al-Maliki to resolve the oil issue by July. This, in turn, would allow President Bush to present oil “privatization” as an indicator of political progress in Iraq. Like virtually everything else President Bush has done in Iraq, forcing pending oil legislation on Iraq is both shortsighted and filled with cronyism.

With the price of a barrel of oil hovering well above $50, whoever controls Iraq’s oil fields can expect to reap a windfall. This explains why, in part, Iraq’s first post-Saddam draft constitution put its oil under Iraqi control. But then U.S. and British diplomats entered the scene and were able to negotiate a new constitution that granted Western oil firms a much bigger slice of the pie.

Wanting access on the part of the oil firms is understandable. In terms of world oil reserves, Iraq ranked second before the war in Iraq (some estimates ranked Iraq third). Making Iraq even more attractive, according to the Oil and Gas Journal, the “oil fields in Iraq are the least depleted” of the major oil producers.

This explains, in part, why Iraq’s Parliament has stalled the Hydrocarbon Law. As written, it gives control over Iraqi oil to foreign firms. Specifically, the proposed legislation would leave the Iraq National Oil Co. with control of just 17 of Iraq’s 80-plus known oil fields. As well, it would put two-thirds of Iraq’s known — and all of its undiscovered — fields under foreign control. But Iraq’s Parliament is especially upset the legislation was essentially crafted by friends of the Bush administration, and mortgages Iraq’s future to foreign firms.

The Iraqis want a better deal. The General Union of Oil Employees in Basra is especially vocal because the proposed legislation “was prepared without consulting Iraqi experts, Iraqi civil society or trade unions.” They specifically “demand” that the U.S. allow Iraq “more time to debate the law.”

The nerve of these guys. Can you imagine? Demanding that Iraqis participate in the crafting of Iraq’s legislation? It’s almost as if they believe in that “democracy thing” Bush likes talking about. But here’s the kicker. Iraqis are also miffed that under pending legislation, foreign companies:

- Don’t have to inspect their earnings into Iraq’s economy.
- Don’t have to partner with Iraqi companies.
- Don’t need to share technology.
- Don’t have to do anything to help stabilize Iraq in the immediate term because of the long-term contracts.

For those unsure about the history of Western intervention, these are the same type of “free market” agreements that led to the rise of Third World nationalism in the 20th century. The specifics behind the proposed legislation also explain why the pending oil deals are perhaps the only area where the Sadrist, insurgents, clerics, Parliament, unions, and even former Prime Minister Allawi have found common ground.

The oil deal is considered that so important to the Bush administration Prime Minister al-Maliki complained if he doesn’t get the legislation passed he believes the Bush administration will withdraw its support. In essence, they will fire him. This means Bush’s support for al-Maliki is not simply driven by reducing the violence … it’s also tied to divvying up the oil fields to the right firms.

By marginalizing the participation of Iraqis in drawing up their own oil legislation, one thing becomes clearer: The Bush administration needs to be more honest with the Iraqis and the American people about critical goals in Iraq. If not, Bush’s failed military policies in the region, and his record of collapsing American prestige abroad, will only be matched by the blowback sure to follow from his ill-considered plans for Iraq’s oil.

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