MAKING SENSE OF International Relations Theory

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7.2 Historical Materialism: Imperialist Rivalry, Hegemony, and the Global Capitalist Order

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> It is supposed and alleged that the attitude of the British government to the wilaya of Mosul is affected by the question of oil. The question of the oil of the Mosul wilaya has nothing to do with my argument. . . . I have explained to the Conference in order that they may know the exact amount of influence, and that is nil, which has been exercised in respect of oil.
>
> —Foreign Secretary Lord Curzon at the Lausanne conference, 1923

> It has nothing to do with oil, literally nothing to do with oil.
>
> —Defense Secretary Donald Rumsfeld on *60 Minutes*, 15 December 2002

In this chapter we argue that the US-led invasion of Iraq was a purposive effort to consolidate its hegemony over the Middle Eastern petrochemical core of the global capitalist order and hence a decisive moment in the broader struggle to shape the post–Cold War and post-9/11 global system and the United States' position within it. The Bush administration sought to accomplish several interlocking objectives: incorporating a recalcitrant nationalist petrostate into the US-led international division of labor; rebasing and strengthening US economic and military power in the Middle East; and thus more generally extending US influence directly into the fault line of the Middle East, an arena of ceaseless competition among states and multinational corporations for its oil and gas wealth.

In the first part of the chapter, we present a brief overview of the most plausible and enduring assumptions of the historical materialist tradition as they have been used in the study of IR. The use of concepts deriving from this tradition involves a timely resurrection and, as we illustrate, allows a fruitful collaboration between devotees of historical materialism and classical realism, respectively. The end of the McCarthy era and the emergence of an antiwar movement reinvigorated academic Marxist analysis in the United States. During the 1960s and 1970s, Marxist and dependency theories became part of the "paradigm debate" in the study of IR and were recognized as equally compelling explanatory frameworks along with classical realism, particularly regarding oil and Middle Eastern affairs (Krasner 1979; Gilpin 1975). However, by the 1990s when the study of "globalization" became popular these theories had once again been cast out of the temple. The result was "the absence, or suppression, within orthodox discussion of the two analytic terms central to the analysis of this process—capitalism and imperialism" (Halliday 2002: 77).

In contrast to these recent decades of balkanized theoretical inquiry and scholarship, our collaboration harkens back to the earlier era and highlights the similarity among historical materialists and classical realists in viewing great power imperial rivalry over material capabilities as the central, *tragic* dynamic in international politics. Ironically, in recent years liberal and conservative commentators have themselves begun routinely to refer to US imperialism and celebrate its alleged merits (Ferguson 2005; Boot 2003; Ignatieff 2003). As Alex Callinicos has observed, "Empire is back with a vengeance. This is largely because the thing imperialism has increasingly intruded itself on us all over the past few years, till now all the blood and clamor, the colonial expeditions and the grand financial and commercial maneuvers are quite inescapable and undeniable" (2009: 57).

In the second part of the chapter, we review the course of great power diplomacy surrounding the Middle East's oil resources from World War I to the Gulf War (1990–1991) within the context of the more general rivalry among the Western capitalist states, the Soviet Union, and the principal East Asian powers. At stake throughout the period was not simply access to oil, narrowly conceived, but the organization of the global capitalist order and the relative position of the major players within it. In the third part of the chapter we show just how central Iraq has been to US hegemony since 1991, and how the increasing great power rivalry in this era marked by "peak oil" logic precipitated the invasion of Iraq after 9/11. The 2003 Iraq War was fought to reverse the decline of US international oil companies (IOCs) relative to state-owned national oil companies (NOCs) in the Middle East and their less-disciplined clients in Europe and Asia, while improving the position of the US IOCs in the struggle for wealth and power. A "friendly" Iraq could also solve several dilemmas of US power: how to leverage OPEC into greater compliance with US interests; how to manage the threat of rival currencies and the dissipation of the dollar as a vehicle and reserve currency; how to rebase US military power in the Middle East so as to placate Wahhabi radicals in Saudi Arabia while preserving US strategic leverage over the Arab-Persian divide; and how to maintain continual demand for the United States' most vaunted export—"security services." In the final section we show that, notwithstanding the massive costs in terms of blood and treasure, Washington has made significant strides toward realizing its central war aims.

Imperialism and Middle Eastern Rivalry

The historical materialist concept of imperialism derives from the logic of capital accumulation and the functions the capitalist state acquires as capital pushes beyond the boundaries of its own nation-state. Mainstream approaches to the study of IR view the capitalist state either as a neutral actor that is connected to society in theoretically unspecified ways (liberalism and constructivism) or as an autonomous entity that acts more or less independently of social forces (structural realism). Despite their differences, these approaches are similar insofar as they adopt a more or less open-ended view of the possibilities of state action, which is assumed to result variously from public opinion, the preferences of interest groups or factions, shared norms and values, or the imperatives of a given geopolitical configuration. In mainstream analyses "imperialism" sometimes refers to policies of military and political domination that are assumed to be unconnected to capitalism or economic motives.

Historical materialism, by contrast, proposes an organic link between the state and the capitalist class that sharply circumscribes the "limits of the possible" in domestic and foreign policy. On the one hand, most top government officials and politicians are drawn from elite social and cultural networks and develop a special sympathy for the problems of "big business" (e.g., Miliband 1969). These networks are especially well defined and exclusive in the area of foreign policy where they are controlled by foundations and think tanks such as the Council on Foreign Relations (Domhoff 2006). On the other hand, elected officials are also "structurally" linked to capital by virtue of the need to establish economic and political conditions favorable to accumulation as well as their dependence on the approval of an essentially corporate media for electoral success (e.g., O'Connor 1973; Poulantzas 1975). The need to promote stability and acquiescence in domestic politics and (to a much lesser extent) in the international sphere through granting concessions to subordinate classes and countries gives the state an outward appearance of neutrality, but the special bias toward capital and the need to promote capital accumulation are distinctive and permanent features.

The capitalist state is inevitably drawn into the international sphere—and consequently imperialist rivalry—as a result of the growing concentration and centralization of capital and the need to promote capital accumulation beyond its own borders. In the domestic arena the state stands apart (to at least some extent) from the struggles among individual capitals. In foreign policy, however, it cannot remain aloof. It is compelled to perform an even more challenging, and potentially far more dangerous, set of tasks. As Hannes Lacher writes,

> Internationally, individual states can use their political power to structure international competition in ways which benefit "their" capitals to the detriment of the capitals of other states. They can use their borders and currencies to mediate the competition between the multitude of individual capitals. Thus, the world market is not simply a system of individual capitals competing with

> each other economically, but is a system in which states are parties in the competition for world market shares rather than guarantors of the market as such. (2002: 161)

For realists, leading states aspire to hegemonic control over vital resources with all the attending economic advantages that accompany military dominion over their disposition. To historical materialists, the concept of hegemony refers to the systemic supervisory function that leading states have undertaken during certain historical periods when imperialist rivalry, a more or less permanent feature of the world capitalist system since its inception, is attenuated (Wood 2002). The fact of rivalry requires a nonreductionist analysis that incorporates both geopolitical and economic competition (Callinicos 2009: 15). Rivalry can be moderated either through the actions of a hegemonic power willing and able to maintain global order (Block 1977) or, more controversially, as a result of the emergence of a "transnational capitalist class" that could reduce the coercive aspects of intraregional and perhaps even international conflict (e.g., Callinicos 2007; Pozo-Martin 2007; W. Robinson 2004; Hardt and Negri 2000; Gill 1990b). Hegemonic leadership involves political-military supervision and stabilization, but also the establishment of various regulatory programs or "concepts of control" that arise at the national level and are reproduced in general form among subordinate advanced capitalist states (van der Pijl 1984; Magdoff 1969).

During the Bretton Woods era the United States pursued a project of embedded liberalism in which financial markets were subordinated to the objective of full employment and a relatively high degree of social stability throughout the core regions of North America, Western Europe, and Japan (Ruggie 1983b). The basis, however, of the major Western economies after World War II was industrial and fueled by petroleum for its manifold uses in manufacturing products and transportation. In the United States, other forms of energy were displaced by corporate alliances among oil, rubber, and automobile companies, in transport for example (88 percent of US electric light-rail transportation was eliminated by 1955 due to this alliance's National City Lines actions). Internationally, these major business interests worked with allied governments to facilitate oil-based industrial patterns in countries such as West Germany (McCarthy 2007; Stokes 1994) where the transition was underwritten by Marshall Plan funds. Oil's share of world energy use thus grew from 23 percent in 1945 to 46.3 percent by 1975. These global patterns grew out from the United States' domestic condition and the entire system was underpinned by US-dominated Middle Eastern oil, which was fully enshrined after the 1953 Iranian coup displaced Britain (Kaufman 1977; US Senate 1975).

Responding to domestic pressure from independent oil producers to isolate the United States from "cheap Middle Eastern oil," President Eisenhower established formal quotas on imported oil. Middle East oil would flow predominantly to US allies in Europe and Asia, establishing a core material basis for their integration into the US-dominated order. In support of this hegemonic system, the United States would make concessions to allies particularly in trade policy (Eckes 1999; Cafruny 1990), so that their manufactured products could find willing US purchasers and those dollar earnings could then pay for imported Middle Eastern oil priced in dollars. This virtuous circle of hegemonic order would come unglued in the 1970s due to the US peak in domestic oil production, the rise and success of Middle Eastern economic nationalism, and the end of the Bretton Woods monetary system and growing conflicts over macroeconomic policy. In its place came renewed great power rivalry with bilateral and competitive dealings with newly formed national oil companies in the Middle East, and a new era of financial indeterminacy and inflation as the dollar was devalued and turned into a fiat currency unhinged from US gold reserves. These changes helped impel the United States and Britain to dismantle the framework of embedded liberalism and begin a transition to disciplinary neoliberalism (Gill 1990b), which involved the deregulation of financial, trading, and labor markets, and an effort to counter the rise of the NOCs and OPEC with "the market." The Iraq War was pursued to reverse these trends' negative effects on US hegemony by restoring US primacy over the oil core of world power and rendering rival imperial powers subservient to US capital and its attendant US military omnipresence in the Middle East.

Oil and Imperialism in the Middle East: From World War I to the Iranian Revolution

Britain and the United States "rode a wave of oil" to victory over Germany and Turkey's Ottoman Empire in World War I (Davenport and Cooke 1924), but it was a competitive collaboration both during the war and increasingly so thereafter. Britain consolidated its gains in the Middle East with France as junior partner in the Sykes-Picot (1916) and the San Remo (1920) agreements, which codified exclusive imperial spheres for each European power and cooperation in the development of Iraqi oil. Incensed by Anglo-French exclusion, the United States used "open door" rhetoric and military coercion to demand "equality of commercial opportunity" for the world's largest oil producer, creditor nation, and allied victor (Denny 1928; DeNovo 1956; Lehmann 2009). As US capital demanded a share in the world's producing regions, the core Anglo-American rivalry could only end in cooperative capitalist settlement or more severe conflict. Britain would eventually cooperate with US entry into Middle Eastern oil, but only after it had set up its informal and internationally legitimated imperial sphere in Iraq. By the early 1920s, Britain's formal rule in Iraq for its oil and military basing benefits became an expensive and an uncomfortable public relations burden at home and abroad. Lord Curzon sought at the Lausanne conference of 1923 to include Mosul within the formal boundaries of Iraq and not Turkey. His insistence on Britain's unenlightened disinterest before the conference delegates in 1923 was as disingenuous as Bush administration claims that the invasion of Iraq was about WMD, terrorism, or democracy, but certainly not about oil. Success at Lausanne assisted Britain's transition from ruling Iraq directly to ruling instead informally through a League of Nations–legitimated settlement of Mosul, under which the new "sovereign" Iraqi government granted Britain a seventy-five-year monopoly on Iraqi oil in 1925 (Sluglett 2004).

For Britain, the goal for Iraqi oil, in contrast to Persian, was some semblance of great power cooperation in its development, and this led to the inclusion of US companies into Iraqi oil in 1928. In the end, the US government settled for a 23.75 percent share, primarily to Standard Oil of New Jersey (Exxon) and New York (Mobil) and did not seek further "open door" rights for its nationals, and certainly none for German, Japanese, Italian, or any other interested party (Hogan 1977; Stivers 1981). As the fault line between Persia and Arabia and among contesting imperial powers, Iraq provided the cooperative template for emerging global oil cartel arrangements that were enshrined in late 1928 with the Achnacarry "As Is" accords. These deals established the global petrochemical cartel comprising five US oil companies, two predominantly British oil companies, and the German and British chemical concerns that possessed the synthetic oil alternative technology that could upset the oil actors' global control. In line with the expectations of both historical materialism and realism, great power imperial rivalry continued in the 1930s and ended in Anglo-American war against the excluded great powers, Germany and Japan.

During World War II, President Franklin Delano Roosevelt sought to improve the growing US position in Middle Eastern oil and Standard Oil of California's (Chevron) exclusive rights to Saudi Arabian reserves provided an attractive base for US expansion into the Middle East. After World War II, the Allies were unable to agree on a formal division of oil and France was conspicuously excluded from the early post–World War II dealings that consolidated Saudi oil into the existing Western oil cartel that straddled the major reserves states of Iran, Iraq, and Saudi Arabia. This deal, consummated in early 1947 with full US government support and waiver of antitrust concerns by the US attorney general, gave Standard Oil of New Jersey and New York an ownership stake in Saudi Arabia, which had previously been the exclusive domain of Standard Oil of California. The British were co-opted in this deal, not with any direct stake in Saudi Arabia, but rather through long-term purchase contracts for Iranian and Kuwaiti oil that would be handled by the US IOC majors so as not to unsettle British market outlet positions for their Iranian oil to Europe in particular. Iraq's output was therefore increasingly eclipsed by its non–fault line neighbors Iran and Saudi Arabia, such that in 1948, Iranian output was seven times greater than that of Iraq, and Saudi Arabian output "almost six times the production of Iraq" (US Senate 1975: part 8, 531–532).[1]

Using violence to establish a favorable political order in Iran was the next necessary step to fully incorporating US-dominated Middle East oil into a stable post–World War II global economic system. The Eisenhower administration ousted the nationalist Mossadeq regime and US capital expanded into Iran (US companies controlled 40 percent of Iranian oil in the 1954 consortium; see Elm 1992; Gasiorowski and Byrne 2004; Heiss 1997). The US response to its position of full Middle Eastern dominance has determined the trajectory of great power imperial rivalry to this day in three interrelated and important ways. First, the United States chose to further ratify the post–World War II economic recovery of Europe and Asia on the basis of petrochemicals, particularly from the input of Middle Eastern oil supplies (in industrial production, transportation, agriculture, etc.). Second, the United States chose to exercise its imperium in a corporatist-delegated fashion to its major IOCs to such significant degree that formal criminal procedures against the US IOCs' global cartel were delimited to only a civil case on domestic marketing aspects in January 1953. The companies shrewdly bargained for this immunity from US law and principles in 1953–1954, and were rewarded with the presidential determination that "American oil operations are, for all practical purposes, instruments of our foreign policy toward these countries" (US Senate 1975: 65–66).

Finally, in response to domestic pressure and major IOC indifference, President Eisenhower chose to shield the US domestic market from imported oil from the Middle East, further reinforcing the provision of Middle East oil to Europe and Asia in service of a narrow domestic calculation. Oil coming out of the Middle East would be priced in dollars and flow to US subordinated allies in Europe and Asia while US oil demand would be met by the inordinate production of domestic US oil reserves in deference to independent oil producers and their allies in Congress and the executive branch (US Senate 1975: part 8, 560). The strategic consequence of these choices was to drain US oil reserves more rapidly than otherwise, hastening the day when the United States would have to import more of its own domestic oil needs from the Middle East and use greater military force there to govern its imperium over oil import–dependent states in Asia and Europe.

In the 1960s and early 1970s, Iraq led the challenge to the US system and its IOC representatives in the region, causing great alarm in the United

States and encouraging Washington to assist the Shah and sometimes internal Iraqi opponents such as the Kurds, as in 1972–1975 (Lando 2007; Pelletiere 2004a). Under General Qasim (1958–1963) Iraq reestablished ties with the Soviet Union, withdrew from the pro-Western Baghdad Pact, and sought to challenge the exclusive rights of the US, British, Dutch, and French companies and countries to develop Iraqi oil as haltingly as they had done since the 1920s. Iraq then became the center of the nationalization dramas of the 1970s. Secure in their production from Iran and Saudi Arabia, the IOCs running the Iraq Petroleum Company (IPC) had been negotiating for over a decade with Iraq to rescind its creeping nationalization efforts to little avail. In early 1972, the companies dropped Iraqi output from 1.2 million barrels per day (mbd) in February to only 720,000 barrels in April, prompting the final showdown with the Iraqi state. Iraq nationalized the IPC's assets in June 1972, and they were supported in their effort by a French pledge to purchase Iraqi output and not participate in any blockade on the order of that which Iran had faced in the early 1950s (Styan 2006; US Senate 1975: part 8, 507–508).

Weakened by Vietnam, the United States acquiesced to Iraq's nationalization, helping to convince the Saudi-led Arab members of OPEC to act upon their long dormant "oil weapon" with the October 1973 oil embargo against the United States, Britain, and the Netherlands and their IOCs. During the crisis, France prodded other European countries to join in a European Community–Arab direct dialogue with the express intent of forming a more independent European role in international affairs (Hellema, Wiebes, and Witte 2004). The United States vigorously resisted this effort, and with Dutch support, among others, the effort was squelched and transformed into the more banal establishment of the Paris-based International Energy Agency (IEA) in 1974. The United States pursued vigorous bilateral deals with Iran, Saudi Arabia, and Kuwait to recapture the wealth transferred to these states with the run-up in oil prices, and undermined the multilateral cooperative desires of many Europeans (Bronson 2006; Spiro 1999; Stork 1980). Saudi and Iranian oil was sold predominantly in US dollars to importers other than the United States, and the United States recaptured most of these increased dollar expenditures with the sales of ordinary goods, weapons, and large-scale infrastructure and engineering services. Hence, the United States consolidated its power over Europe and Japan, despite the dollar's decline in value and the rise in the price of oil resulting from the termination of the dollar-gold monetary system in August 1971.

As expected by historical materialism and realism, shifting dimensions of hegemonic power merely gave rise to US innovations in maintaining others' dependency and enriching US elites connected to the state and its militarized oil complex (Spiro 1999: 31, 109–121). The 1970s burdens of adjustment to the post–Bretton Woods oil, trade, and currency arrangements were borne disproportionately by others, as US hegemony shifted more to finance and control of the downstream elements of the oil value chain (e.g., major IOCs' dominance of transport, refining, and marketing (Fesharaki and Isaak 1983). It is no accident that even today, the Middle East accounts for 31 percent of global oil production, but only 8.6 percent of refining capacity (British Petroleum 2009). Nonetheless, the perception of US military decline, coupled with Soviet ascendancy and the Iranian revolution, caused the United States to make its military capabilities and intentions to control the Middle East more overt (Lesch 2001; Palmer 1992).

President Carter formally enunciated US policy amidst these challenges and stated it in its most benign, defensive formulation, which persists to this day. In January 1980 he proclaimed,

> The region which is now threatened by Soviet troops in Afghanistan is of great strategic importance: It contains more than two-thirds of the world's exportable oil. The Soviet effort to dominate Afghanistan has brought Soviet military forces to within 300 miles of the Indian Ocean and close to the Straits of Hormuz, a waterway through which most of the world's oil must flow. The Soviet Union is now attempting to consolidate a strategic position, therefore, that poses a grave threat to the free movement of Middle East oil. . . . Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force. (Carter 1980)

Militarization of the US Oil Imperium: Keeping Arabs and Persians Down and Europeans and Asians Out

The Carter Doctrine made public what had been implicit since FDR's time: the United States was the military guarantor of Middle East oil and the Western capitalist order it underpinned. The increasing use of US military force in the Middle East after the Iranian revolution and the start of the Iran-Iraq War in September 1980 served three objectives most consistent with a historical materialist interpretation. First, US power and resolve would reassure Saudi Arabia and the Gulf states that they would not be abandoned as the Shah had been. Therefore, their fleeting efforts in the early and middle 1980s at military diversification away from the United States and for oil autonomy from the rise of New York and London market-based pricing with the attendant non-OPEC suppliers to them were unnecessary (Parra 2004; Safran 1985). The official designation of the US central command in 1983 formalized President Carter's creation of the Rapid Deployment Joint Task Force in 1977. Its primary purpose was to project military power into the Gulf region in service of dissuading challenges to US hegemony (Palmer 1992). Second, a more robust US military presence in the Gulf provided an opportunity to further bind European and Japanese allies into supporting roles, defending the United States' hub position vis-à-vis these dependent allied spokes. This US effort presented a united position against Iran on behalf of the Arab states during the 1980s and terminated the Kuwaiti dalliance with the Soviet Union.

Finally, overt use of US force against Iran during the antishipping campaigns of the Iran-Iraq War (also known as the Tanker War) provided the strategic context for the acquiescence of Saudi Arabia and OPEC to market prices for marker crudes based on the price of British Brent crude oil on London's International Petroleum Exchange and West Texas Intermediate crude oil on the New York Mercantile Exchange. In early pursuit of a "dual containment" logic vis-à-vis Iran and Iraq, the United States straddled and assisted both sides during the Iran-Iraq War as they depleted each other (Jentleson 1994; Lando 2007), and waited until Saudi Arabia was squeezed back into supporting the US role over the Middle East strategic environment and world oil market (e.g., bringing OPEC oil exports/world exports down from 80 percent in the 1960s to 30 percent in 1985). By the late 1980s, this effort was successful in managing Saudi Arabia's arrival as the dominant swing producer albeit as a deferential market supporter in the US-led system. As ever, the artificial distinction between the economics of the oil system and the political-military dominance of the United States in the region leaves an inadequate explanation of the US role that determines both.

The incoming George H. W. Bush administration's efforts to engage Saddam Hussein's regime with a more cooperative policy could not compensate for the economic pressure the regime faced after the end of the Iran-Iraq War (Bin, Hill, and Jones 1998: 10). When this revenue pressure was coupled with Gulf states' recalcitrance in renegotiating the massive Iraqi war debts ($40 billion to Gulf neighbors and another $46 billion to other foreign governments), Saddam Hussein exclaimed in the summer of 1990, "war is also conducted by economic means . . . we have reached a point where we can no longer withstand pressure" (quoted in Bin, Hill, and Jones 1998: 11). The US policy of waffling appeasement prior to the Kuwait invasion was shortly followed by the first direct insertion of large-scale US military power on Gulf territory (Gordon and Trainor 1995). By accepting large numbers of US soldiers on their soil (Gause 1996; Klare 2004), Saudi Arabia became the de facto staging ground for evicting Iraqi forces from Kuwait and for the policy of dual containment against Iraq and Iran up to the invasion of Iraq in 2003. Like the Gulf War (1990–1991), this policy served a number of interlocking US objectives.

First, it demonstrated US military preeminence to all other nations while binding the Saudis more closely to the US camp as oil producers, suppliers to the US military, and of course, large-scale US weapons purchasers (Gause 1997; Klare 2004). Second, by leaving Iraq intact and utilizing the UN to legitimate the war in 1990, the United States retained a set of multilateral sanctions upon both Iran and Iraq that kept the Gulf states satisfied with their increased oil wealth while also assisting in the marginalization of European and Asian suitors to these rogue states' oil (e.g., Japan's subordinate role as financier to the US military in the war). Finally, the direct military position facilitated US pursuit of diversification with West African and Caucasus oil producers. Perhaps under an illusion that the Saudis would remain in the US camp forever with Iran and Iraq boxed in, the United States openly sought to moderate current and future power of these Middle Eastern states in the oil world through deals with Azerbaijan and Kazakhstan, among others. For the first time in its history in the Middle East, the United States was now operating a direct military hegemony over the region while also pursuing the short-term goal of limiting OPEC and Saudi power in the world oil markets. The inherent tensions in such a straddle position would become increasingly manifest in the years leading up to 9/11.

Dual Containment and the Unraveling of Saudi-Based US Hegemony in the Gulf

The strategy of dual containment, formalized by Martin Indyk in the Clinton administration, served as the basis for reestablishing US primacy in the Gulf and accommodating ever more US and global oil consumption (Pelletiere 2004a: 119–120). Accommodating US demand for moderately priced oil was important because the United States pursued no effective improvements in oil efficiency between 1985 and 2007; instead it openly expanded into the former Soviet sphere for oil and gas deals (Bahgat 2003; Heslin 1997; Kolbert 2003; LeVine 2007). Weakened imperial powers invite expansion into their former spheres of influence, and the United States and Britain certainly fulfilled this expectation. The neoliberal logic that drove this post–Cold War expansion into the Caucasus also conditioned the domestic US environment and helps explain the massive wave of mergers in the US oil industry, which saw the reuniting of many of the major Standard Oil divisions broken up in 1911 (e.g., ExxonMobil merger in 1998). Capital concentration in the US oil industry in the 1990s countered the market power of NOCs as US IOCs needed scale to control the post–Cold War order and the newly privatizing fields in the Caspian basin (Marcel 2006; Victor 2007).

The seeds of more intense great power rivalry over the Middle East–Caucasus region were sown with the successful formation of the British Petroleum–led Baku-Tblisi-Ceyhan (BTC) consortium and the overt desire to increase US power over the region (Malone 2006: 158–161; Styan 2006: 185–187). Sheila Heslin, former director of the NSC's Caucasus region, announced the expansion of the Carter Doctrine to the Caucasus tersely: "The United States simply cannot afford to allow Russia and Iran to dominate the energy resources of the Caspian, with the enormous political leverage that would confer in the region and even in Europe." She concluded that a BTC pipeline under Anglo-American management was the "linchpin in the evolving balance of power in Eurasia, Asia and the Middle East" (Heslin 1997).

As the United States exercised its authority over the Caspian, France, Russia, and China began to oppose the UN sanctions regime against Iraq. This increasingly open rivalry with the United States accelerated in the aftermath of the NATO-led war against Serbia in spring 1999. By December 1999, UNSC Resolution 1284 carried only US and British support for the reconstituted UN inspections effort as France, Russia, and China rejected Anglo-American overtures for support (Malone 2006: 119). Great power rivalry over Iraq's oil intensified throughout the period 1999–2001, and was only eclipsed in importance by the US-Saudi tensions during the last years of the Clinton administration (Alkadiri and Mohamedi 2003; Bronson 2006). These arose from a large number of factors, including terrorist attacks inside Saudi Arabia and disputes over US investigation rights and interrogation of suspects; US support for the record low price of oil in 1998, its maintenance with new Caspian oil to the West, and the subsequent efforts of the Saudis, Venezuelans, and others to build the price back up after the March 1999 OPEC meeting; perceived Saudi slights in the US effort at an Israeli-Palestinian accord in summer 2000 (not unlike Saudi peevishness after the Camp David Accords of 1978); and finally, the then record run-up in the price of oil in the United States from approximately $23/barrel in January to $35/barrel in September 2000.

This last item of contention was occasioned by several statements from Energy Secretary Bill Richardson about the "unacceptably high" price of oil and the Saudi responsibility to "bring stability" to the world oil markets (Marquis 2000). By the end of 2000, the Saudis and the other Gulf states were unhappy with the status quo in the Middle East, and the Iraqis had successfully managed a 600-million-euro repricing scheme in one of its UN escrow accounts after suspending oil exports in early December 2000 (see Recknagel 2000; Roston 2004; UN Security Council 2000b). More importantly, Iraq expanded oil rights and trade dealings with France, Russia, and China, all in an effort to defy US influence (Alkadiri 2001; Duffield 2005; Katz 2003; Morgan and Ottaway 2002; Vesely 2002). The April 2001 joint report by the US oil and power cognoscenti collected under the aegis of the Baker Institute and the Council on Foreign Relations put these trends in the more classical language of the United States' selfless grand bargain with the region:

> Recently things have changed. These Gulf allies are finding their domestic and foreign policy interests increasingly at odds with U.S. strategic considerations.

> . . . *They have become less inclined to lower prices in exchange for security of markets,* and evidence suggests that investment is not being made in a timely enough manner to increase production capacity in line with growing global needs. (Baker Report 2001: 13, emphasis added)

The compelling structural logic of "peak oil" was well recognized by future Bush administration officials, including Dick Cheney, who covered all of these topics in a November 1999 address to the Institute of Petroleum in London, noting,

> Producing oil is obviously a self-depleting activity. Every year you've got to find and develop reserves equal to your output just to stand still, just to stay even. This is true for companies as well in the broader economic sense as it is for the world . . . while many regions of the world offer great oil opportunities, the Middle East with two thirds of the world's oil and the lowest cost, is still where the prize ultimately lies. . . . A fundamental challenge for companies is to do more than replace reserves and production. The trick obviously is also to replace earnings. For most companies the majority of their profits come from core areas, that is areas where they have significant investments, economies of scale and large license areas locked up, but many of these core areas are now mature and it can be difficult to replace the earnings from the high margin barrels there. Some of the oil being developed in new areas is obviously very high cost and low margin. (Cheney 1999)

Where might an entrepreneurial-minded public official with "executive ability" help these struggling oil companies find low-cost, high-margin oil that has been underproduced for a generation? The Bush administration saw the Iraqi situation as a perilous one and focused on it intently from the first cabinet meeting forward (Suskind 2004a). In his first press conference President Bush noted, "one of the areas we've been spending a lot of time on is the Persian Gulf and the Middle East." In response to questions about the mid-February series of air strikes against Iraqi targets near Baghdad and outside of the no-fly zones, President Bush said his "decision" to take "action" had a "twofold mission" of sending a "clear message that this administration will remain engaged in that part of the world" and "degrade his [Hussein's] capacity to harm our pilots" (Bush 2001b).

The president also mentioned the "troubling" Chinese presence in Iraq, and this was followed by several news articles on Chinese assistance to Iraq's air defense network in violation of UN sanctions (Gershman 2001; Motz and Richie 2001; Prados and Katzman 2002). Because of the alleged military assistance to Iraq coupled with the slipping sanctions regime, the Bush team sought to transform Iraq into an oasis of US values and influence in the region, and more importantly, to reverse Iraq's increasingly successful efforts at moving away from the US orbit via dealings with France, Russia, and China. From these first uses of force against Iraq through Vice President Cheney's National Energy Policy Development Group report in

May 2001, the US focus on Iraq as an obstacle to expanding US power over the Middle East and checking rival great power suitors appears obvious, and confirms historical materialism and realism's causal emphasis on great power imperial rivalry (Judicial Watch 2003; Suskind 2004a: 96). The attacks of 9/11 were the catalyst for the Bush administration's more grandiose vision of US imperial power projection.

Immediately after these traumatic and devastating attacks, President Bush, Defense Secretary Rumsfeld, and Deputy Secretary of Defense Wolfowitz pushed for a link to Iraq, and raised the question of attacking Iraq in the "first phase" of the "war on terror" (Clarke 2004; Gordon and Trainor 2006; Woodward 2004). President Bush ruled out Iraq in Phase I, noting instead "we will get this guy [Hussein] but at a time and place of our choosing" (Gordon and Trainor 2006: 17). By late November 2001, Rumsfeld had ordered central command's General Tommy Franks to draft a war plan for Iraq—Phase II in the "long war." Over the next few months the Pentagon was busy assembling the "evidence" to justify the invasion of Iraq (Goodman 2006; Risen 2006) and commissioning reports that spoke to the great power rivalries that were playing in the region to US detriment (e.g., Gracia Group 2002).

For the "product rollout" public relations campaign, Vice President Cheney gave his notorious speech before the Veterans of Foreign Wars on 26 August 2002. He sold the war to the American people by making the specious conjunctive link among WMD, terrorism, and Iraq, despite the deep oil-based material incentive for the war. Nonetheless, he did also offer the classic defensive oil motivation in this speech: "armed with an arsenal of these weapons and a seat atop 10 percent of the world's oil reserves, Saddam Hussein could then be expected to seek domination of the entire Middle East, take control of a great portion of the world's energy supplies" (Cheney 2002). The United States would defend the Gulf's free flow of oil as an altruistic international public goods provider, but as with the Iranian coup fifty years prior, the violent overthrow of Iraq was required to maintain the United States' oil-based hegemonic system.

The Political Economy of War and Occupation

The attempt to restore US hegemony in the Middle East thus implied three interrelated immediate war aims. First, on an instrumental level, the Iraq War might help international oil companies regain lost position vis-à-vis national oil companies by gaining control of Iraqi oil reserves that they could develop and book as "proved reserves," thereby improving their earnings and stock values. This would help several companies in the near term (e.g., Royal Dutch Shell with its massive restatement of oil reserves in early 2004) and also provide leverage against OPEC with Iraqi output ungoverned by quotas and under a US-friendly regime. The January 2003 Baker Report, for example, advised an "international consortium" to expand Iraq's oil sector (reprising the 1954 Iranian consortium), but held that all oil-related endeavors by the occupying forces "must be clearly and credibly presented as actions taken to protect the country's wealth on behalf of all segments of the Iraqi population . . . in conjunction with Iraqi nationals and with international cover, and designed only to protect the resources of the Iraqi nation" (Djerejian et al. 2003: 18).

The subtlety of managing this message seems to have been lost on US occupation officials. Indeed, contrary to the contention that no US oil companies wanted the war or coveted Iraq's oil reserves, Chevron's chief executive officer (CEO) Kenneth Derr did make such a statement in 1998, while in February 2003 the CEO of Conoco-Phillips, Archie Dunham, said, "we know where the best reserves are (and) we covet the opportunity to get those some day" (Hoyos 2003; Renner 2003; Muttitt 2011). Even France was willing to join the US-led invasion of Iraq, offering in mid-December 2002 to contribute 15,000 troops and the service of the nuclear aircraft carrier *Charles de Gaulle* if its preferences for UN authority and honoring its prior Iraqi dealings were granted (Malone 2006; Styan 2006).

The second aim was to sever all prior oil contracts between the Iraqi regime and rival great powers. By forcing France, Russia, and China to rely on US goodwill for the reaffirmation of their oil dealings with Iraq, the United States might gain significant leverage and thereby elicit reluctant acquiescence to the war and the subsequent UN return to postwar Iraq. The aggressive unilateralism of the United States in this regard was starkly revealed on 21 November 2003, when David Nash, director of the program management office for the Coalition Provisional Authority (CPA), declared in London that "non-coalition countries will not be eligible for the prime contracts" (MEED 2003; Newnham 2008). The fact that these tactics, both before the war and in the early aftermath, led to dissension among Western Europeans and with the United States' "new Europe" coalition allies, only satisfied Cheney and Rumsfeld and their selected Iraqi occupation administrators all the more (Chandrasekaran 2007; C. Smith 2003). The final and most important objective was to rebase the US military in the Middle East, as extensive use of Saudi Arabia was no longer sustainable after 9/11 (Gause 2003; Posch 2006). Secretary Rumsfeld declared in late April 2003 that because US action against Iraq had made the region safer, US air forces and combat personnel could leave Saudi Arabia, which they did fully by the end of September 2003, allowing Iraq and the lesser Gulf states (e.g., Qatar) to bear this increased and now "enduring" US military presence.

Finally, it has become commonplace to argue that the Iraq War represented a failure on the part of the United States. Such an assessment is, to be sure, understandable in view of the great harm done to the Iraqi people (and US and coalition soldiers), the subsequent violence and economic dislocation in Iraq, the absence of stable democracy, and the massive costs to the US Treasury. However, US and coalition forces attacked Iraq not to promote humanitarian goals but rather to extend US control over Iraqi and Middle Eastern resources. Indeed, a truly democratic and autonomous Iraqi government would be antithetical to US war aims because such a government would seek to use Iraq's resources for the benefit of its people. Judged by these criteria, the US war aims have been largely fulfilled. At the beginning of the twenty-first century, French, Russian, and Chinese oil companies were challenging an increasingly shaky sanctions regime in Iraq while US military forces were being pushed out of Saudi Arabia. As a result of the war, the United States was on its way to establishing effective political and military control over Iraq, and Anglo-American IOCs regained controlling positions in the Iraqi oil and gas fields (Gilpin 2005).

De-Baathification, involving the wholesale dismissal of state employees and complete demobilization of the Iraqi army, served economic as well as political purposes. The purge of the Baath administrative cadre shattered the Iraqi state, thereby paving the way for shock therapeutic privatization and structural adjustment. As subsequent events showed, these were necessary but ultimately not sufficient conditions for the transfer of control from the Iraqi government to the IOCs of the United States and its privileged allies and subordinated adversaries. The transition plan was itself contracted out by the CPA to a private consultancy, Bearing Point, and described by James McPherson, the US director of economic development for the CPA, in the following terms:

> A foundation for a revolutionized economy is being put in place in Iraq. This new economy will challenge the economic policies and politics of the whole region. . . . A new law allows for foreign investment up to 100% of foreign ownership, full repatriation of investment and profits, national treatment, and no screening committee. (McPherson 2003)

In December 2003, Undersecretary of Defense Paul Wolfowitz sought to complete the exclusionary hegemonic project—and reached the high point of the Bush administration's hubris—by formally announcing that all contracts would be granted only to coalition partners.

But the neoliberal project proved devastating to the Iraqi economy and society. As Iraq imploded, Iraqis fell back on sectarian ties. By 2005, Iraqi agriculture was in disarray, the majority of factories were shuttered, the unemployment rate soared beyond 50 percent, and the Sunni insurgency was fully mobilized (N. Klein 2008; Schwartz 2008: esp. chap. 2). Amid the ensuing carnage, plans for an orderly transfer of power to a projected compliant state were abandoned as a fragmented Shiite movement, one part of which was supported by Iran, rejected client status and oil workers conducted strikes and carried out systematic sabotage of oil pipelines. By 2006, US authorities began to retreat from neoliberal shock therapy, and plans for the overt privatization of oil were formally abandoned. In 2008, an ascendant Nouri al-Maliki, emboldened by a "surge" that saw large-scale ethnic cleansing, consolidated what Transparency International has called the fifth most corrupt government in the world and compelled the United States to agree to a Status of Forces Agreement (SOFA) stipulating a complete withdrawal by 31 December 2011.

Yet, while the United States was unable to establish an entirely peaceful or stable regime, nevertheless by crushing the Baathist movement and manipulating sectarian loyalties it prevented the emergence of a national resistance and thereby established itself as the principal external power in Iraq. Whereas the Saddam Hussein–era Iraqi air force was made up of French Mirages and Russian Migs, most of which were destroyed in the Gulf War, Iraq has reconstituted its naval and air forces primarily in conjunction with Britain and the United States, starting with the purchase of ninety-six F-16 fighters and including joint Anglo-Iraqi maritime patrols (*Defense Industry Daily* 2011; Lando 2009). While the United States completed its troop withdrawals in 2011, large numbers of security contractors remain and the relationship between US military power and oil is especially striking in the Basra area, where there is close coordination between US military forces and IOCs. As Ben Lando has noted, "The American mission in Basra, Iraq's oil capital, is perhaps unlike that of any US outpost in the world: to ensure the world's largest oil companies have as few problems as possible as they start work on Iraqi oil contracts that could see the country become the largest producer ever" (Lando 2010: 1). In addition to Iraq, Kuwait and Jordan host US and NATO forces on their territory. All of the Gulf states (Saudi Arabia, the UAE, Oman, Qatar, Bahrain) have concluded military partnership agreements with the United States.

Prior to the invasion, the rapid postwar expansion of Iraqi oil output was deemed crucial for a variety of commercial, political, and budgetary reasons. But as the insurgency gained steam and the original plans to privatize oil were abandoned, it became clear that prewar projections concerning oil output were wildly optimistic. In 2008 and 2009, attention turned to long-term oil "service" contracts. As a result of the auctions during 2009, and ExxonMobil, British Petroleum, and Royal Dutch Shell's gains since then, it is possible to make a preliminary assessment of the future of Iraqi oil and therefore to gauge the extent to which the United States has been able to consolidate its power in Iraq. Notwithstanding numerous problems, including limited direct US influence over al-Maliki and potential successors and a continuing political stalemate, the US, British, and Dutch companies gained the lion's share of Iraq's oil and natural gas in the initial auctions and subsequent deals. In November 2009, ExxonMobil won the contract for the second-largest and highly lucrative West Qurna I producing field, with an 80 percent stake in the project (20 percent to Shell). In October 2011, ExxonMobil became the first major IOC to sign oil deals with the Kurdish Regional Government, which ensure Exxon's pivotal role in Iraq's energy future. Shell (along with Petronas) won the bid for the large Majnoon oil field, and in late 2011 Shell won control of Iraq's entire natural gas output covering the major fields of southern Iraq (Lando and Van Huevelen 2011; Smith and Lando 2011). In June 2009, the largest oil and gas field, Rumaila, was awarded to a joint venture between British Petroleum (BP) and the China National Petroleum Corporation (CNPC). BP received the majority (50.66 percent) stake in this field and it remains to be seen if China's minority status will translate into greater influence in Iraq (MEES 2009). Russia's Lukoil and Norway's Statoil won the bid for the West Qurna II greenfield, but the future of this entirely undeveloped field will be determined predominantly by ExxonMobil's lead role over the whole West Qurna site.

At the same time, gas from Iraqi Kurdistan will likely play a key role in the development of the US-supported Nabucco pipeline that is being constructed to reduce European dependence on Russian natural gas supplies (Cutler 2010). While US primacy has thus to some extent established an "open door" regime with respect to Iraqi oil, Anglo-American-Dutch IOCs are playing the lead role within this regime, and the most important former Anglo-American state officials work for these major IOCs (Cafruny and Lehmann 2012; Van Heuvelen 2013). In this, US policy toward Iraq is remarkably similar to that of Britain between the world wars.

Conclusion

Both historical materialism and realism throw a spotlight on imperial rivalry as the central cause of war. They do not, however, assert that the 2003 Iraq War—or indeed the phenomenon of war in general—can be explained reductively in terms of economic interests, narrowly conceived. Some realists have alternatively highlighted Saddam Hussein's reputed arsenal of WMD or the supposed threat to regional stability that his regime represented.[2] Liberal institutionalists and constructivists have asserted that the war was fought to restore UN authority and human rights to ordinary Iraqi citizens, especially the aggrieved Kurds and Shiites (Bourgos 2008; Flibbert 2006; Hitchens 2005; Monten 2005). One thing proponents of these different theories agree on is the relatively unimportant role played by US material interests in oil as opposed to the putative disinterested provision of public goods in the form of "open door" access to the region's resources (Ignatieff 2004, 2003; Layne 2006; Mearsheimer and Walt 2007). For example, these scholars contend that if it had been about oil the United States should have merely "cozied" back up to Hussein's regime, as the oil companies allegedly requested or, odder still, invaded Saudi Arabia (Mearsheimer and Walt 2007: 254; Ignatieff 2004: 14). Having dismissed the causal significance of systemic and material factors, Mearsheimer and Walt have themselves abandoned structural realism, instead concluding that the Israeli lobby propelled the United States to war (Mearsheimer and Walt 2009: 71–72; 2007: 230). Worse still, too many scholars portray US strategic interest in Middle Eastern oil in terms of concern for stability of oil markets and domestic US consumption (Duffield 2011; Gholz and Press 2010).

In contrast, we have shown in this chapter that "pure military," oil market, and ideological factors cannot, in themselves, provide a comprehensive and satisfactory explanation for the 2003 Iraq War. These *precipitating* factors operate within the context of a broader imperialist rivalry that has been a permanent feature of US and British policy toward the energy-rich Middle East and that has always transcended the politics of personality, party, or domestic faction. If the Iraq War has served to buttress the US position with respect to subordinate European powers, the US-China rivalry is deepening. As the United States' relative economic power wanes, the militarization of foreign policy toward Central Asia, the Gulf, and Africa—the key areas of Sino-US competition for oil and other natural resources—will increase. The United States will not retrench from this overly militarized and oily US imperium, and objective materialist analysis reveals far more about it than does any other theoretical alternative.

Notes

1. Richard Funkhouser, petroleum adviser to Assistant Secretary of State George McGhee, US Department of State, captured the basic calculation of US power in the region: "Use of Middle East oil conserves Western Hemisphere resources which are vital to the Allied Nations in an emergency. The military draws heavily on Middle East oil for its world-wide requirements. Middle East oil provides commercial American firms and American investors with profitable enterprise, U.S. companies owning approximately 45 percent of Middle East production. Control of this source of energy, important in peace and war, is a desirable goal in itself" (US Senate 1974: part 7, 125).

2. See Baker Report 2001, Haass 2009, Kissinger 2002, and K. Pollack 2002. Although many academic realists opposed the Iraq invasion, "realist" policymakers (such as Haass, Scowcroft, Baker, and Powell) merely debated the optimal diplomatic cover for the invasion. Secretary of State Powell told the president "you own it" and presented the UNSC with a detailed inventory of Iraqi WMD. See, inter alia, the ad run by international security scholars in the *New York Times* in 2002. On Powell, see Woodward (2004: 150–151).