

EXCERPT



# It's the Crude, Dude

**There's something almost obscene** about a map that was passed around among senior Bush administration officials and a select group of oil company executives in the spring of 2001. It doesn't show the kind of detail normally shown on maps—cities, towns, regions. Rather its detail is all about Iraq's oil. The southwest is neatly divided, for instance, into nine "Exploration Blocks." Stripped of political trappings, this map shows a naked Iraq, with only its ample natural assets in view. It's like a supermarket meat chart, which identifies the various parts of a slab of beef so customers can see the most desirable cuts ... Block 1 might be the striploin, Blocks 2 and 3 are perhaps some juicy tenderloin, but Block 8—ahh, that could be the filet mignon.

The map might seem crass, but it was never meant for public consumption. It was one of the documents studied by the ultra-secretive task force on energy headed by U.S. vice president Dick Cheney, and it was only released under court order after a long legal battle waged by the public interest group Judicial Watch.

Another interesting task force document, also released under court order, was a two-page chart titled "Foreign Suitors for Iraqi Oilfields." It identifies 63 oil companies from 30 countries and specifies which Iraqi oil fields each company is interested in and the status of the company's negotiations with Saddam Hussein's regime. Among the companies are Royal Dutch/Shell of the Netherlands, Russia's Lukoil and France's Total Elf Aquitaine, which was identified as being interested in the fabulous, 25-billion-barrel Majnoon oil field. Baghdad had "agreed in principle" to the French company's

In her latest book, **Linda McQuaig** takes on  
Big Oil and its role in U.S. foreign policy.  
In this excerpt, she traces the connections between  
the petroleum industry and the invasion of Iraq.

plans to develop this succulent slab of Iraq. There goes the filet mignon into the mouths of the French!

What makes these documents particularly striking is the fact that, as we now know from several insider accounts, the Bush administration was actively focused from its first days in office on overthrowing Iraqi dictator Saddam Hussein. So, at the same time that the White House was considering toppling Saddam, it was also keenly studying Iraq's oil fields and assessing how far along foreign companies were in their negotiations with Saddam for a piece of Iraq's oil. Dick Cheney, former CEO of oil services giant Halliburton Company, was masterminding both the task force deliberations and the push to invade Iraq.

Cheney's central role in these two initiatives—both launched with a sense of urgency almost immediately after the Bush administration took office—is noteworthy, particularly given Cheney's extremely influential role within the administration. The fact that Cheney is focused on both invading Iraq and, at the same time, energy policy, is certainly suggestive of a possible connection between the invasion and a desire for Iraq's oil—the very thing that is always vehemently denied.

The task force documents certainly point to a commercial interest in Iraq's oil and the danger of it falling into the hands of eager foreign oil companies, rather than ending up in the rightful hands of eager U.S. oil companies. Indeed, as the documents show, foreign oil companies were already nicely positioned for future involvement in Iraq, while the major U.S. oil companies, after years of U.S.-Iraqi hostilities, were largely out of the picture, and would have been the big losers if UN sanctions had simply been lifted. "The U.S. Majors stand to lose if Saddam makes a deal with the UN [on lifting sanctions]," noted a report by Germany's Deutsche Bank in October 2002.

Presumably, the disadvantaged position of U.S. oil companies in Saddam's Iraq was discussed at meetings of Cheney's task force – and with representatives of those same U.S. oil companies. The administration has refused to divulge

exactly who met with the task force, and continues to fight legal challenges to force disclosure of the names. (A 2003 report by the General Accounting Office, the investigative arm of Congress, concluded that the task force had relied on advice from oil industry officials.) The administration's close ties to the industry are legendary. As the non-partisan Washington-based Center for Responsive Politics has noted, George W. Bush received more money from the oil and gas industry in the 1999–2000 period than any other U.S. federal candidate had received over the previous decade.

One intriguing piece of evidence suggesting Big Oil's involvement in plans about Iraq was a National Security Council (NSC) document, dated February 2001, directing NSC staff to co-operate fully with Cheney's task force. This might seem odd, since the task force was focused on

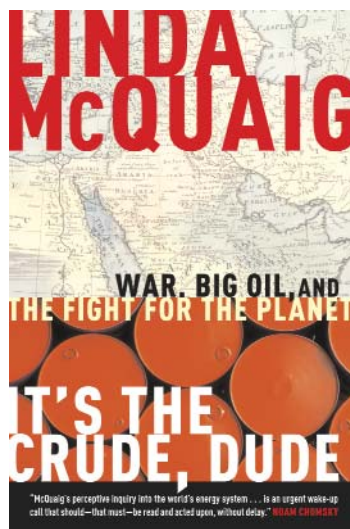


Photo: Dickens Street Studio

energy, while the NSC is focused on military matters. But the NSC document, reported in *The New Yorker* magazine, noted that the task force would be considering the “melding” of two policy areas: “the review of operational policies towards rogue states” and “actions regarding the capture of new and existing oil and gas fields.” This certainly implies that the Cheney task

assets). A confidential 100-page contracting document, drawn up by the U.S. Agency for International Development and the U.S. Treasury Department, laid out a wide-ranging plan for a “Mass Privatization Program . . . especially in the oil and supporting industries.”

The Pentagon was also working on plans to open up Iraq’s

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force was considering geopolitical questions about actions related to the capture of oil and gas reserves in “rogue” states, including presumably Iraq.

This suggests that Big Oil, through the Cheney task force, was involved with top administration officials in discussions about getting control of oil in Iraq, even as the administration was drawing up plans for an invasion. Since Big Oil has sought to distance itself from the administration’s decision to invade Iraq, this apparent involvement certainly helps explain the otherwise baffling level of secrecy surrounding the task force.

**One reason that regime change in Iraq** was seen as offering significant benefits for Big Oil was that it promised to open up a treasure chest which had long been sealed—private ownership of Middle Eastern oil. A small group of major international oil companies once privately owned the oil industries of the Middle East. But that changed in the 1970s when most Middle Eastern countries (and some elsewhere) nationalized their oil industries. Today, state-owned companies control the vast majority of the world’s oil resources. The major international oil companies control a mere 4 percent.

The majors have clearly prospered in the new era, as developers rather than owners, but there’s little doubt that they’d prefer to regain ownership of the oil world’s Garden of Eden. “[O]ne of the goals of the oil companies and the Western powers is to weaken and/or privatize the world’s state oil companies,” observes New York-based economist Michael Tanzer, who advises Third World governments on energy issues.

The possibility of Iraq’s oil being reopened to private ownership—with the promise of astonishing profits—attracted considerable interest in the run-up to the U.S. invasion. In February 2003, as U.S. Secretary of State Colin Powell held the world’s attention with his dramatic efforts to make the case that Saddam posed an imminent threat to international peace, other parts of the U.S. government were secretly developing plans to privatize Iraq’s oil (among other Iraqi

oil sector. In the fall of 2002, months before the invasion, the Pentagon retained Philip Carroll, a former CEO of Shell Oil Co. in Texas, to draft a strategy for developing Iraqi oil. Carroll’s plans apparently became the basis of a proposed scheme, which became public shortly after the war, to redesign Iraq’s oil industry along the lines of a U.S. corporation, with a chairman, chief executive and a 15-member board of international advisers. Carroll was chosen by Washington to serve as chairman, but the plans were shelved after they encountered stiff opposition inside Iraq.

Still, the prospect of privatizing Iraq’s oil remained of great interest to U.S. oil companies, according to the Robert Ebel, from the influential Washington-based Center for Strategic and International Studies. Ebel has close ties to the oil industry. He is a former vice-president of Enserch Corporation, a Dallas-based oil exploration company, and he worked closely with top officials from Exxon, Halliburton and Aramco as director of a two-year project on the future of energy. In an interview in his Washington office, Ebel said it was up to Iraq to make its own decisions, but he made clear that U.S. oil companies would prefer Iraq abandon its nationalization. “We’d rather not work with national oil companies,” Ebel said bluntly, noting that the major oil companies are prepared to invest the \$35 to \$40 billion to develop Iraq’s reserves in the coming years. “We’re looking for places to invest around the world. You know, along comes Iraq, and I think a lot of oil companies would be disappointed if Iraq were to say ‘we’re going to do it ourselves.’”

Along comes Iraq?

How fortuitous. U.S. oil companies just happened to have tens of billions of dollars that they wanted to invest in undeveloped oil reserves when Iraq presented itself, ready for invasion.

Along comes Iraq, indeed. **R**

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