Privatization as Violence: Iraqi Oil and a Contractor Army
by Rosa Shapiro-Thompson

In 2003, the George W. Bush administration convinced Congress and the US citizenry to invade Iraq, arguing that the invasion would liberate Iraq and ensure security for the United States in a post-9/11 world. Over a decade later, history tells not of security but of more chaos. And rather than “liberation,” the 2003 US invasion and occupation of Iraq comprised a long, violent experiment in privatization. The United States sought to increase the production of Iraq’s vast, undeveloped oil reserves by privatizing its nationalized oil industry. Privatization in Iraq encompassed not only the Iraqi oil industry, but also the broader Iraqi economy and the United States’ own military forces, since the military contracted out its operations to companies like Halliburton and Blackwater. By examining the relationship between the privatization of the Iraqi oil industry and that of the US military forces, my research seeks to unite the often-disparate inquiries into Iraqi oil, US imperialism, and military contractors. An investigation into the parallel drives to privatize helps understand the crimes of the Iraq War: torture, such as at the infamous Abu Ghraib prison; attacks on civilian populations; the destruction of infrastructure and civilian institutions, and above all, the immense loss of life. I suggest that the privatization of military forces shielded individual contractors and the Bush administration from criticism, further allowing the US government to bypass accountability. Thus, the privatization of military forces enabled US violence. The United States employed this violence, in turn, to privatize Iraq.

In this paper, I will first contextualize the invasion of Iraq, briefly recounting the history of
oil and empire in Iraq. Then I will examine the historiography of the Iraq War as it pertains to the role of oil and private military forces. An analysis of this historiography will reveal that the most convincing narrative places the war within the broader history of petro-imperialism. It does not describe the war as just or successful, but as a crime in pursuit of the privatization of Iraq and its oil industry, committed by the US government and its contractors. Finally, I will turn to primary sources that display a war for oil privatization and the crimes of the war’s privatized forces.

**Contextualizing Iraqi Oil and Imperial Histories**

To understand the US invasion and occupation of Iraq in 2003, it is crucial to recognize the colonial formation of the Iraqi state, the long history of UK and US petro-imperialism in the Gulf, and US policies leading up to 2003. This broader history reveals the US invasion as a war for oil and empire, planned long before the 9/11 attacks of 2001. The history of petro-imperialism in Iraq begins in 1914 with the British oil exploration of Basra.¹ In 2003, most of the US politicians and citizenry ignored the similarities between the two petro-imperial invasions. Yet the two imperial occupiers shared not only their interest in Iraq’s oil but even their language to justify invasion. When the British captured Baghdad in 1917, one General declared: “our armies do not come into your cities and lands as conquerors or enemies, but as liberators”—a justification the Bush administration echoed precisely almost a century later.² In 1920, the modern state of Iraq was forced into being, its borders delineated by the Sykes-Picot Agreement.

Iraqis struggled against decades of petro-imperialism, finally achieving the nationalization of oil in 1972. As journalist Greg Muttitt writes in his comprehensive history, *Fuel on the Fire: Oil and Politics in Occupied Iraq*, in the early history of the Iraqi republic, the United Kingdom maintained a military presence and control of the oil industry, only “nominally

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² Ibid.
hand[ing] over sovereignty” to the new monarchy under King Faisal. By the 1930s, Faisal had granted concessions for foreign oil companies that covered all of Iraq.³ In the 1940s and 1950s, nationalist and socialist movements emerged against the monarchy and the oil industry, the “twin symbols of foreign domination.”⁴ In 1958, Iraqis overthrew the monarchy and established the Republic of Iraq, and in 1972 nationalized the Iraqi Petroleum Company (IPC) amid a global wave of oil nationalization. Meanwhile, the dominant imperial power in the Gulf gave way from the United Kingdom to the United States.

After the UK government withdrew from Iraq in 1968, the United States began its own petro-imperial war in the Gulf. Historian Toby C. Jones, writing at the end of the 2003 Iraq war, describes this long history in his essay, “America, Oil, and War in the Middle East.” In the 1970s, the United States militarized the Gulf, particularly Saudi Arabia and Iran, under the regime of the US-backed Shah.⁵ Meanwhile in 1970s Iraq, oil produced infrastructure and wealth—wealth that the Baath regime often deployed to crush political opposition.⁶ After consolidating his power, Baath politician Saddam Hussein became president in 1979. From 1980 to 1988, Iraq fought a brutal war with Iran, wherein both sides were militarized by the United States. Secretary of State Henry Kissinger said of the war, “Too bad they both can’t lose.”⁷ Kissinger’s quip explains the United States’ seemingly contradictory policy: in fact, the United States wanted to weaken both states, and therefore it aggravated the eight-year conflict.

As a part of its long petro-imperial war, the United States waged the first Gulf War against Saddam Hussein in 1990. Iraq had emerged from the Iran–Iraq war in 1988 with

³ Muttitt, Fuel on the Fire, pp.6–10.
⁴ Ibid.
⁷ Ibid.
weakened oil infrastructure and production capacity, deeply in debt. As the countries that had financed Iraq during the war demanded repayments, Kuwait flooded the oil market, driving down prices. Iraq could not increase its production and could only hope to rebuild its economy with higher oil prices. Saddam Hussein alleged that Kuwait was waging “economic warfare” on Iraq. In 1990, still reeling from war with Iran, Iraq invaded Kuwait, with reassurance from US Ambassador April Glaspie that the United States would not counter-attack. But Iraq’s control of Kuwait’s oil reserves would have threatened the market control of US-ally and oil-exporter Saudi Arabia, and US and coalition forces soon invaded with over a million troops, repelling Iraqi forces by 1991. The United Nations Security Council placed sanctions on Iraq that lasted throughout the 1990s, at great detriment to the Iraqi economy. Meanwhile, the neoconservative think-tank Project for the New American Century (PNAC) and its followers continued to push for regime change. In 2003, with neoconservatives of the Bush administration in power and 9/11 as justification, the United States invaded Iraq to overthrow Saddam Hussein.

A Historiography of Oil, Empire, and Contractors

At the onset of the 2003 invasion, many neoconservatives wrote in support of the Iraq War, and some even continued to argue in retrospect that the war was just and successful. These authors include policy-makers from the Bush administrations and others associated in favor of a unilateral, militaristic foreign policy, such as Charles Krauthammer, Robert Kagan, William Kristol. Kagan and Krisol, founders of PNAC, argued in 2002 that a war against Iraq would

10 Ibid.
allow “liberal civilization” to “survive and flourish.”

They argued that Iraq possessed nuclear and chemical weapons (VX and anthrax) that directly threatened the United States, evoking 9/11 repeatedly. Even more liberal writers, such as Christopher Hitchens, wrote in favor of regime change out of concern for human rights, condemning Saddam Hussein’s chemical attacks on the Iraqi people. Later authors argued that the invasion had been a moral and wise decision. Then-Undersecretary for Defense Policy Douglas J. Feith argued that the war prevented attacks on US borders, and military historian Matthew J. Flynn pointed to the hydrocarbon law privatizing Iraqi oil as positive political reform.

A separate cohort of authors wrote books and essays in protest of the Iraq war, which they deemed an imperial war for oil not in the best interests of the US or Iraqi people. These authors include Michael Renner, Michael Klare, Rashid Khalidi, and Nayna Jhaveri. Their narrative is much more convincing than that defending the invasion’s morality. Instead, these scholars contested the denial of the importance of oil by the Bush administration. They argued that not only did high-ranking officials in the administration have personal interest in the industry, but that the United States also had a longstanding imperial interest in Iraq. These authors all highlighted Iraq’s importance in the world’s oil order: it possesses reserves second only to its neighbor, Saudi Arabia. Its excess production capacity places the state in the category of a “swing producer,” coveted by the oil-importing United States for its reserves and

for its power to control prices.\textsuperscript{18} Though these scholars affirmed the importance of oil, they could not foresee the outcome of the war, and nor could they sufficiently analyze privatization. For instance, Renner’s speculations that the invasion would forge a “new oil order” with the United States in greater control did not come to pass.\textsuperscript{19} Instead, the primary legacy was the destruction of infrastructure and institutions and violence both economic and political. To those writing in 2003–2004, neither the methods nor outcomes of the invasion were clear. In the immediate reality of violence, journalists did not focus their efforts on the long-term goals of privatizing Iraq or the creeping privatization of US occupying forces. Private contractors had not yet attained notoriety.

Yet privatization was the cornerstone of US petro-imperial strategy in Iraq, and at the center of its destruction. As the war drew to a close in 2011, Greg Muttitt wrote \textit{Fuel on the Fire}, a comprehensive history of oil in occupied Iraq that documents the battle for oil privatization. It records US actions upon which Renner, Klare, Khalidi, and Jhaveri were only able to speculate at the war’s onset. Muttitt details the extreme pressure exerted by the United States to push the passage of a hydrocarbon law that would open Iraq’s reserves to foreign development.\textsuperscript{20} Muttitt focuses on Iraqi labor movements, particularly oil workers’ unions, to reveal widespread resistance to the hydrocarbon law and other mechanisms of privatization.\textsuperscript{21} As many of the authors writing initially on oil and empire were careful to explain, US petro-imperialism functions through privatization, unlike traditional, UK-style imperialism. Instead of direct control of oil fields, Jhaveri wrote, the United States hoped to gain geopolitical power and control over the stability of oil prices “through chaos management by implementing privatization

\textsuperscript{18} Ibid.
\textsuperscript{19} Renner, “Post-Saddam Iraq,” pp580–587.
\textsuperscript{21} Ibid.
structures.” Jhaveri, writing in 2003, was ahead of her time in recognizing the centrality of privatization to the US strategy. Privatization structures, however, did not actually manage chaos but created it.

In 2007, Kamil Mahdi and Naomi Klein analyzed the relationship between violence and this all-encompassing push to privatize. Mahdi concludes that this neoliberalism, implemented by the Coalition Provisional Authority (CPA) under the US occupation, could not increase foreign investment or improve the Iraqi economy, because of the destruction caused by sanctions and the conflict. Klein reverses his argument. She proposes “disaster capitalism,” contesting that extreme free-market ideology, as held by the neoconservatives of the Bush administration, is not impeded by destruction but in fact relies on it. Thus her insightful model explains the relationship between privatization and war. By destroying so much of Iraq, the United States created a “blank slate” for the “violent birth of a new economy.” While Klein and Mahdi agree on the harm of neoliberalism, Klein’s argument proves more useful in analyzing empire. She identifies destruction as an imperial strategy for accomplishing the goal of war: privatization.

The United States fought to privatize Iraq; it fought for the ideology of capitalism, for wealth, and for oil.

While the privatization of the Iraqi economy and oil industry drove the war, the privatization of military forces enabled it. Pratap Chatterjee and Jeremy Scahill document the rise of private contractors during the war. Chatterjee studies Halliburton, the oil field services contractor, while Scahill investigates Blackwater, the military and security contractor. Chatterjee

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argues that Halliburton’s low-wage labor allowed the military to outsource tasks so as to reduce the number of troops and make it “feasible to implement George W. Bush’s Global War on Terror.”26 Private contractors were indeed crucial: by the third year of war, the ratio of private contractors to soldiers almost reached one-to-one.27 In an interview with Scahill, Michael Ratner of the Center for Constitutional Rights (CCR) explained that “the increasing use of contractors, private forces, or as some would say ‘mercenaries,’ makes wars easier to begin and to fight—it just takes money and not the citizenry.”28 Ratner’s analysis finds this key insight: contractors shield the government from the political cost.

Dawn Rothe, a criminologist who studies Halliburton, offers the comprehensive framework of state-corporate crime to explain the purpose of military contractors in the Iraq War. She builds upon Robert Kramer and Raymond Michalowski’s model of the Iraq war as a state crime under international law.29 Rothe expands their argument to include the war as a state-corporate crime through investigations into Halliburton’s large overcharges, bribery, and fraud.30 Her model explains why neoconservative state managers use private companies for military purposes, despite their abuses. First, privatization follows the economic ideology of the administration. Second, she argues that downsizing the military “helps minimize public opposition,” agreeing with Chatterjee and Ratner.31 Finally, international criminal law does not hold private contractors accountable. Rothe suggests that both transnational and national loopholes leave these corporations unregulated. The administration also classified the defense

26 Pratap Chatterjee, Halliburton’s Army: How a Well-Connected Texas Oil Company Revolutionized the Way America Makes War (New York: Avalon Publishing Group, 2010), ppxv-xvi.
27 Scahill, Blackwater, pxvii.
28 Scahill, Blackwater, pxxiv.
budget and the contracts, so they were available neither to Congress nor the US public.\textsuperscript{32} Rothe argues that privatization worked against the interests of both the Iraqi and US public, “further sheltering the administration from public discourses and further increasing the potential for war profiteering.”\textsuperscript{33}

The argument that the war was just or successful fails to withstand scrutiny. Instead, the history is one of extreme violence and state-corporate crime, by both the US military and private companies, with oil at its center. Klein’s disaster capitalism accounts for privatization and violence of US imperialism. Rothe’s model of state-corporate crime explains why imperialist policymakers value private contractors. Both models place profit and privatization at the center of their histories. Both condemn the Iraq War as unjust, contending that the United States capitalized on disaster and, with the labor of contractors, committed atrocious crimes. The primary sources support these claims. The texts show oil’s centrality and reveal that privatization both drove and enabled violence.

*Primary Voices: Iraqi Oil and a Contractor Army*

The primary sources reveal that US interests in privatizing Iraq’s oil gave rise to the Iraq War, and by extension, its ensuing destruction and violence. The United States fought for oil companies’ rights to extract Iraqi oil, and it capitalized on the widespread destruction to raid Iraq’s public sector. US actions in Iraq intimately linked privatization and violence. Think-tank reports prior to the war, hydrocarbon legislation from Iraq, congressional testimony, and public letters together tell this history of petro-imperialism, and Coalition Provisional Authority (CPA) orders document the history of disaster capitalism in Iraq beyond oil alone.

\textsuperscript{32} Ibid, pp216–218.
\textsuperscript{33} Ibid.
In 2001, US defense and oil interests put forth a report titled “Strategic Energy Policy: Challenges for the 21st Century” that detailed their recommended energy policy and called for privatizing the Iraqi oil sector.\(^\text{34}\) The executive advisor of Hess Energy chaired the task force, which included representatives from Shell, Enron, British Petroleum (BP), Chevron, and Texaco. Khaled Al Turki, a Saudi oil holding company, funded the research.\(^\text{35}\) As the composition of the task force and its funding make clear, the report directly reflects the oil interests.

The task force condemned the pre-war foreign policy—the sanctions on Iraq—and demanded government support in privatizing foreign oil industries so as to open new fields to production. The task force identified the main problem not as the scarcity of oil, but rather its lack of production.\(^\text{36}\) The oil-importing United States needed countries with undeveloped reserves to produce more oil, and the companies needed greater access to oil fields for greater profits.\(^\text{37}\) The report explicitly calls for privatization, for government policies to “ease Iraqi oil field investment restrictions.”\(^\text{38}\) The report also urges the government to prioritize the privatization of any nationalized industry, which it favorably terms “reopening.” The report warns of Saddam Hussein’s “unacceptable leverage” in controlling world oil prices, implying that this collection of powerful oil interests favored regime change.\(^\text{39}\) US policy in Iraq aligned almost exactly with these recommendations—that is, with the oil interests—for the United States enacted regime change and fought to open Iraq’s industry to foreign production.

Though this task force wanted to privatize Iraq’s oil industry, a majority of Iraqis did not. In fact, Iraqis resisted US pressure to privatize. A letter from “108 Iraqi Technical, Academic,
and Economic Experts Opposed to Oil Privatization,” addressed to the Iraqi Council of Representatives in July of 2007, documents widespread resistance to privatization. It emphasizes that oil policy should “safeguard the rights of the Iraqi people completely and […] not forsake any of the oil reserves in any contractual format to foreign entities.” 40 The hydrocarbon law that was pushed by the United States and written in part by US advisors, however, did just this: it opened Iraq’s previously closed fields to foreign production, against the interests of these Iraqis.

It was not until March of 2007, four years after regime change, that the Iraqi Council of Representatives passed the hydrocarbon law that began the privatization of Iraq’s oil sector. This law allowed international companies to obtain 30-year contracts to undeveloped fields, granting the Iraq National Oil Company (INOC) the power to facilitate “the Development and Production of discovered and yet not developed Fields” and to grant “Exploration and Production rights in the new areas on a competitive basis.” 41 In other words, it opened all Iraqi oil fields for business.

The United States exerted extreme pressure to push the passage of this law. In 2007 it surged troops and, under the threat of these troops, demanded that Iraq meet “political benchmarks,” most importantly the passage of this law. 42 Congressional hearings on Iraq’s oil sector deplored the difficulty of passing this legislation and the dearth of oil production. 43 US politicians wanted the hydrocarbon law passed, and they wanted oil. For instance, the chairman of the Committee on Foreign Affairs called it a “criminal enterprise” that the United States taxpayers had invested so much money in reconstructing Iraq, but “the oil sector, the engine of

Iraq’s economy, continued to produce at pre-war levels.”44 As his statement makes clear, the work of the war was not done until the oil fields were open to US companies. Though the war was a criminal enterprise, the crime was not its failure to increase oil production. Rather, this desire for oil production, for privatization, drove the war and led to its many crimes. The congressional testimony of an official from the US Government Accountability Office (GAO) also records the proliferation of violence, the 180 daily attacks against US citizens in Iraq: oil privatization provoked resistance and brought violence.45

The hydrocarbon legislation comprised part of a broader attempt to privatize Iraq, part of the larger phenomenon of disaster capitalism. With the disaster of war having effectively destroyed Iraq’s public sector, infrastructure, and institutions, privatization began. Lt. Paul Bremer, the chief US civilian administrator in Iraq from 2003 to 2004, conducted what Klein terms “orchestrated raids on the public sphere.”46 Under Bremer, the CPA issued orders privatizing the Iraqi economy. An order titled “Trade Liberalization Policy” suspended all tariffs and trade restrictions,47 while another decreed that “foreign investment may take place in all parts of Iraq” with minimal restriction.48 This order also authorized foreign investors to “transfer abroad without delay all funds associated with its foreign investment.”49 Thus, these laws allowed foreign companies total control over assets and for all their profits to leave the country without reinvestment or further taxation. While the orders claimed to act “on behalf, and for the benefit, of the Iraqi people,”50 they aligned with US interests rather than with Iraqi ones. This

44 Christoff, “Reconstruction in Iraqi Oil Sector.”
45 Ibid.
49 Ibid.
50 Bremer, Order Number 12.
economic violence against Iraqis followed the physical and political violence of the invasion and occupation.

The United States merged privatization and violence both in its remaking of the Iraqi economy and in its transformation of its own military forces. The 2003 invasion launched a neoconservative experiment in military privatization that resulted in immense profits, a lack of oversight, and crime. On the day before the September 11th attacks in 2001, Secretary of Defense Donald Rumsfeld announced his plans to radically privatize the US military—in his words, to “liberate” the Pentagon and “save it from itself.”\(^\text{51}\) The administration implemented these plans during the war. By the end of Rumsfeld’s term in 2006, the number of contractors on the ground in Iraq almost reached the number of official military troops.\(^\text{52}\) Many of the contracts were lucrative, required no bidding, and involved little oversight.\(^\text{53}\) Primary sources show that the privatization of military forces enabled violence, as these forces bypass accountability.

As these documents reveal, the lack of oversight resulted in the torture and murder of civilians. In 2004, CACI contractors were involved in torturing prisoners at Abu Ghraib, and in 2007, Blackwater guards massacred seventeen Iraqi civilians at Nisour Square. Yet the highly publicized crimes of Abu Ghraib and Nisour Square only represent a small fraction of the injustices involving contractors. The state restricts information and many documents may not be publically available. Therefore, the only way to work towards an accurate history is to examine the accessible evidence. State Department memos, released during a lawsuit against Blackwater, record the lack of accountability for private military contractors. Leaked photos from Abu Ghraib prison reveal horrifying abuses, and a secret military report documents the complicity of

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51 Donald Rumsfeld, “Bureaucracy to Battlefield,” presented at the DOD Acquisition and Logistics Excellence Week, The Pentagon, September 10, 2001.\[\]
52 Scahill, Blackwater, pxvii.
contractors at the prison. Though the Blackwater perpetrators of the 2007 Nisour Square massacre finally faced justice in 2014, cases of victims from Abu Ghraib are still in court.\(^\text{54}\) Unfortunately, a recent legal decision affords impunity to the Abu Ghraib contractors.

State Department internal memos from before the massacre reveal that the government understood the dangerous lack of oversight, and did not take action. In August 2007, a month before the massacre, State Department investigator Jean Richter reported that “oversight of these high profile and extremely lucrative contracts [was] merely superficial at best.”\(^\text{55}\) A Blackwater project manager told Richter, “I could shoot and kill you here in Iraq and no one would do anything about it because that is the way it is here.”\(^\text{56}\) Highly concerned, Richter recommended “direct oversight of the contractor” to be “immediately required on the ground in Iraq.”\(^\text{57}\) The military never implemented this oversight and sixteen days later, Blackwater massacred civilians at Nisour Square. Privatization decreased the accountability of US actions in Iraq, giving freer rein to the violence of the war and allowing abuses to continue through the occupation.

Internal military documents also show that contractors from the company CACI International tortured prisoners at Abu Ghraib. In February 2004, Major General Antonio M. Taguba wrote a report on Abu Ghraib that was not intended for public release.\(^\text{58}\) Taguba found that the contractors were not supervised during interactions with prisoners, nor did they possess the required security clearance. He specifically recommended that several CACI contractors be

\(^{54}\) Raymond, “Do Private Contractors Have Impunity to Torture?”


\(^{56}\) Ibid.

\(^{57}\) Ibid, p2.

\(^{58}\) Taguba was later asked to resign, due to his whistleblowing. Seymour M. Hersh, “The General’s Report,” The New Yorker, June 25, 2007.
fired and severely reprimanded for their involvement in torture. The report detailed a number of abuses, including:

Breaking chemical lights and pouring the phosphoric liquid on detainees; pouring cold water on naked detainees; beating detainees with a broom handle and a chair; threatening male detainees with rape; […] sodomizing a detainee with a chemical light and perhaps a broom stick, […] biting a detainee.60

These abuses, shown in graphic photographs that horrified the world, breached international law and military procedure. State officials and contractors together committed these crimes. It was the pervasive environment of violence, coupled with the lack of accountability for contractors, which led to such rampant abuse. Thus, the US experiment in military privatization resulted in state-corporate crime.

Though low-level military employees were prosecuted for their crimes at Abu Ghraib, neither the higher-level military decision-makers nor the private contractors of CACI have been held accountable. Rumsfeld et al. have not been indicted for their crimes. Recently, the Fourth Circuit Court dismissed the legal case filed by victims of Abu Ghraib against CACI, determining that liability for contractors would restrict the military. Following legal precedents that exempted contractors from similar liability claims, the court ruled against those brutalized and tortured at Abu Ghraib.61 The majority opinion argues that punishing the contractors would “undermine the flexibility that military necessity requires in determining the methods for gathering intelligence.”62 At Abu Ghraib and other US prisons, the method of gathering intelligence was torture. As the legal decision explicitly states, contractors allow the military flexibility to commit the crimes of torture. The decision also argues that ruling against CACI would “present the

60 Taguba, *Article 15-6 Investigation*, pp17–18.
possibility that military commanders could be hauled into civilian courts for the purpose of evaluating and differentiating between military and contractor decisions.”63 Military and contractor decisions are so entangled that they are difficult to distinguish. Thus, state-corporate crime is the best framework to analyze abuses in Iraq.

Privatization allowed the Bush administration to commit abhorrent crimes in a war that itself was for privatization, for privatizing Iraq, and for oil. Analyses of petro-imperialism, disaster capitalism, and state-corporate crime all provide valuable insights. This analysis shows that the blame for these crimes lies not only with the government or only with the war-profiteering corporations; both are complicit. A decade later, justice has yet to be served for Iraqis. More efforts are necessary to prosecute guilty military personnel and contractors and to overturn the current legal precedents that afford contractors immunity. Looking forward, future scholarship should examine the long-term ramifications of contractor violence in Iraq as well as the hydrocarbon law. More efforts should also work to gain access to the many inaccessible government documents. Currently, neither scholars nor the public holds a complete history of the great suffering and injustice that arose from this intersection of a privatized army, Iraqi oil, and US empire.

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63 Ibid.


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