

# The Economic Conquest of Iraq:

## Adventure Capitalism

By [Greg Palast](#)

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**Why were Iraqi elections delayed? Why was Jay Garner fired? Why are our troops still there? Investigative reporter Palast uncovers new documents that answer these questions and more about the Bush administration's grand designs on Iraq. Like everything else issued during this administration, the plan to overhaul the Iraqi economy has corporate lobbyist fingerprints all over it. You expected the oil industry lobbyists, but Grover Norquist?**

In February 2003, a month before the U.S. invasion of Iraq, a 101-page document came my way from somewhere within the U.S. State Department. Titled pleasantly, "Moving the Iraqi Economy from Recovery to Growth," it was part of a larger under-wraps program called "The Iraq Strategy."

The Economy Plan goes boldly where no invasion plan has gone before: the complete rewrite, it says, of a conquered state's "policies, laws and regulations." Here's what you'll find in the Plan: A highly detailed program, begun years before the tanks rolled, for imposing a new regime of low taxes on big business, and quick sales of Iraq's banks and bridges—in fact, "ALL state enterprises"—to foreign operators. There's more in the Plan, part of which became public when the State Department hired consulting firm to track the progress of the Iraq makeover. Example: This is likely history's first military assault plan appended to a program for toughening the target nation's copyright laws.

And when it comes to oil, the Plan leaves nothing to chance—or to the Iraqis. Beginning on page 73, the secret drafters emphasized that Iraq would have to "privatize" (i.e., sell off) its "oil and supporting industries." The Plan makes it clear that—even if we didn't go in for the oil—we certainly won't leave without it.

If the Economy Plan reads like a Christmas wishlist drafted by U.S. corporate lobbyists, that's because it was.

From slashing taxes to wiping away Iraq's tariffs (taxes on imports of U.S. and other foreign goods), the package carries the unmistakable fingerprints of the small, soft hands of Grover Norquist.

Norquist is the capo di capi of the lobbyist army of the right. In Washington every Wednesday, he hosts a pow-wow of big business political operatives and right-wing muscle groups—including the Christian Coalition and National Rifle Association—where Norquist quarterbacks their media and legislative offensive for the week.

Once registered as a lobbyist for Microsoft and American Express, Norquist today directs Americans for Tax Reform, a kind of trade union for billionaires unnamed, pushing a regressive “flat tax” scheme.

Acting on a tip, I dropped by the super-lobbyist’s L-Street office. Below a huge framed poster of his idol (“NIXON— NOW MORE THAN EVER”), Norquist could not wait to boast of moving freely at the Treasury, Defense and State Departments, and, in the White House, shaping the post-conquest economic plans—from taxes to tariffs to the “intellectual property rights” that I pointed to in the Plan.

Norquist wasn’t the only corporate front man getting a piece of the Iraq cash cow. Norquist suggested the change in copyright laws after seeking the guidance of the Recording Industry Association of America.

And then there’s the oil. Iraq-born Falah Aljibury was in on the drafting of administration blueprints for the post-Saddam Iraq. According to Aljibury, the administration began coveting its Mideast neighbor’s oil within weeks of the Bush-Cheney inauguration, when the White House convened a closed committee under the direction of the State Department’s Pam Wainwright. The group included banking and chemical industry men, and the range of topics over what to do with a post-conquest Iraq was wide. In short order, said Aljibury, “It became an oil group.”

This was not surprising as the membership list had a strong smell of petroleum. Besides Aljibury, an oil industry consultant, the secret team included executives from Royal-Dutch Shell and ChevronTexaco. These and other oil industry bigs would, in 2003, direct the drafting of a 300-page addendum to the Economy Plan solely about Iraq’s oil assets. The oil section of the Plan, obtained after a year of wrestling with the administration over the Freedom of Information Act, calls for Iraqis to sell off to “IOCs” (international oil companies) the nation’s “downstream” assets—that is, the refineries, pipelines and ports that, unless under armed occupation, a Mideast nation would be loathe to give up.

### **The General Versus Annex D**

One thing stood in the way of rewriting Iraq’s laws and selling off Iraq’s assets: the Iraqis. An insider working on the plans put it coldly: “They have [Deputy Defense Secretary Paul] Wolfowitz coming out saying it’s going to be a democratic country ... but we’re going to do something that 99 percent of the people of Iraq wouldn’t vote for.”

In this looming battle between what Iraqis wanted and what the Bush administration planned for them, the Iraqis had an unexpected ally, Gen. Jay Garner, the man appointed by our president just before the invasion as a kind of temporary Pasha to run the soon-to-be conquered nation.

Garner’s an old Iraq hand who performed the benevolent autocratic function in the Kurdish zone after the first Gulf War. But in March 2003, the general made his big career mistake. In Kuwait City, fresh off the plane from the United States, he promised Iraqis they would have free and fair elections as soon as Saddam was toppled, preferably within 90 days.

Garner’s 90-days-to-democracy pledge ran into a hard object: The Economy Plan’s ‘Annex D.’ Disposing of a nation’s oil industry—let alone redrafting trade and tax laws—can’t be done in a weekend, nor in 90 days. Annex D lays out a strict 360-day schedule for the free-

market makeover of Iraq. And there's the rub: It was simply inconceivable that any popularly elected government would let America write its laws and auction off the nation's crown jewel, its petroleum industry.

Elections would have to wait. As lobbyist Norquist explained when I asked him about the Annex D timetable, "The right to trade, property rights, these things are not to be determined by some democratic election." Our troops would simply have to stay in Mesopotamia a bit longer.

### **New World Orders 12, 37, 81 and 83**

Gen. Garner resisted—which was one of the reasons for his swift sacking by Secretary of Defense Donald Rumsfeld on the very night he arrived in Baghdad last April. Rummy had a perfect replacement ready to wing it in Iraq to replace the recalcitrant general. Paul Bremer may not have had Garner's experience on the ground in Iraq, but no one would question the qualifications of a man who served as managing director of Kissinger Associates.

Pausing only to install himself in Saddam's old palace—and adding an extra ring of barbed wire—"Jerry" Bremer cancelled Garner's scheduled meeting of Iraq's tribal leaders called to plan national elections. Instead, Bremer appointed the entire government himself. National elections, Bremer pronounced, would have to wait until 2005. The extended occupation would require our forces to linger.

The delay would, incidentally, provide time needed to lock in the laws, regulations and irreversible sales of assets in accordance with the Economy Plan.

On that, Bremer wasted no time. Altogether, the leader of the Coalition Provisional Authority issued exactly 100 orders that remade Iraq in the image of the Economy Plan. In May, for example, Bremer—only a month from escaping out Baghdad's back door—took time from fighting the burgeoning insurrection to sign orders 81—"Patents," and 83, "Copyrights." Here, Grover Norquist's hard work paid off. Fifty years of royalties would now be conferred on music recording. And 20 years on Windows code.

Order number 37, "Tax Strategy for 2003," was Norquist's dream come true: taxes capped at 15 percent on corporate and individual income (as suggested in the Economy Plan, page 8). The U.S. Congress had rejected a similar flat-tax plan for America, but in Iraq, with an electorate of one—Jerry Bremer—the public's will was not an issue.

Not everyone felt the pain of this reckless rush to a free market. Order 12, "Trade Liberalization," permitted the tax- and tariff-free import of foreign products. One big winner was Cargill, the world's largest grain merchant, which flooded Iraq with hundreds of thousands of tons of wheat. For Iraqi farmers, already wounded by sanctions and war, this was devastating. They could not compete with the U.S. and Australian surpluses dumped on them. But the import plan carried out the letter of the Economy Plan.

This trade windfall for the West was enforced by the occupation's agriculture chief, Dan Amstutz, himself an import from the United States. Prior to George Bush taking office, Amstutz chaired a company funded by Cargill.

There's no sense cutting taxes on big business, ordering 20 years of copyright payments for Bill Gates' operating system or killing off protections for Iraqi farmers if some out-of-control Iraqi government is going to take it away after an election. The shadow governors of Iraq

back in Washington thought of that, too. Bremer fled, but he's left behind him nearly 200 American "experts," assigned to baby-sit each new Iraqi minister—functionaries also approved by the U.S. State Department.

## The Price

The free market paradise in Iraq is not free.

After General Garner was deposed, I met with him in Washington. He had little regard for the Economy Plan handed to him three months before the tanks rolled. He especially feared its designs on Iraq's oil assets and the delay in handing Iraq back to Iraqis. "That's one fight you don't want to take on," he told me.

But we have. After a month in Saddam's palace, Bremer cancelled municipal elections, including the crucial vote about to take place in Najaf. Denied the ballot, Najaf's Shi'ites voted with bullets. This April, insurgent leader Moqtada Al Sadr's militia killed 21 U.S. soldiers and, for a month, seized the holy city.

"They shouldn't have to follow our plan," the general said. "It's their country, their oil." Maybe, but not according to the Plan. And until it does become their country, the 82nd Airborne will have to remain to keep it from them.

**Greg Palast is an investigative reporter and author of The New York Times best seller The Best Democracy Money Can Buy. His new film, "Bush Family Fortunes: The Best Democracy Money Can Buy," was released this month in DVD. For a trailer, see <http://www.gregpalast.com/bff-dvd.htm> 10**

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