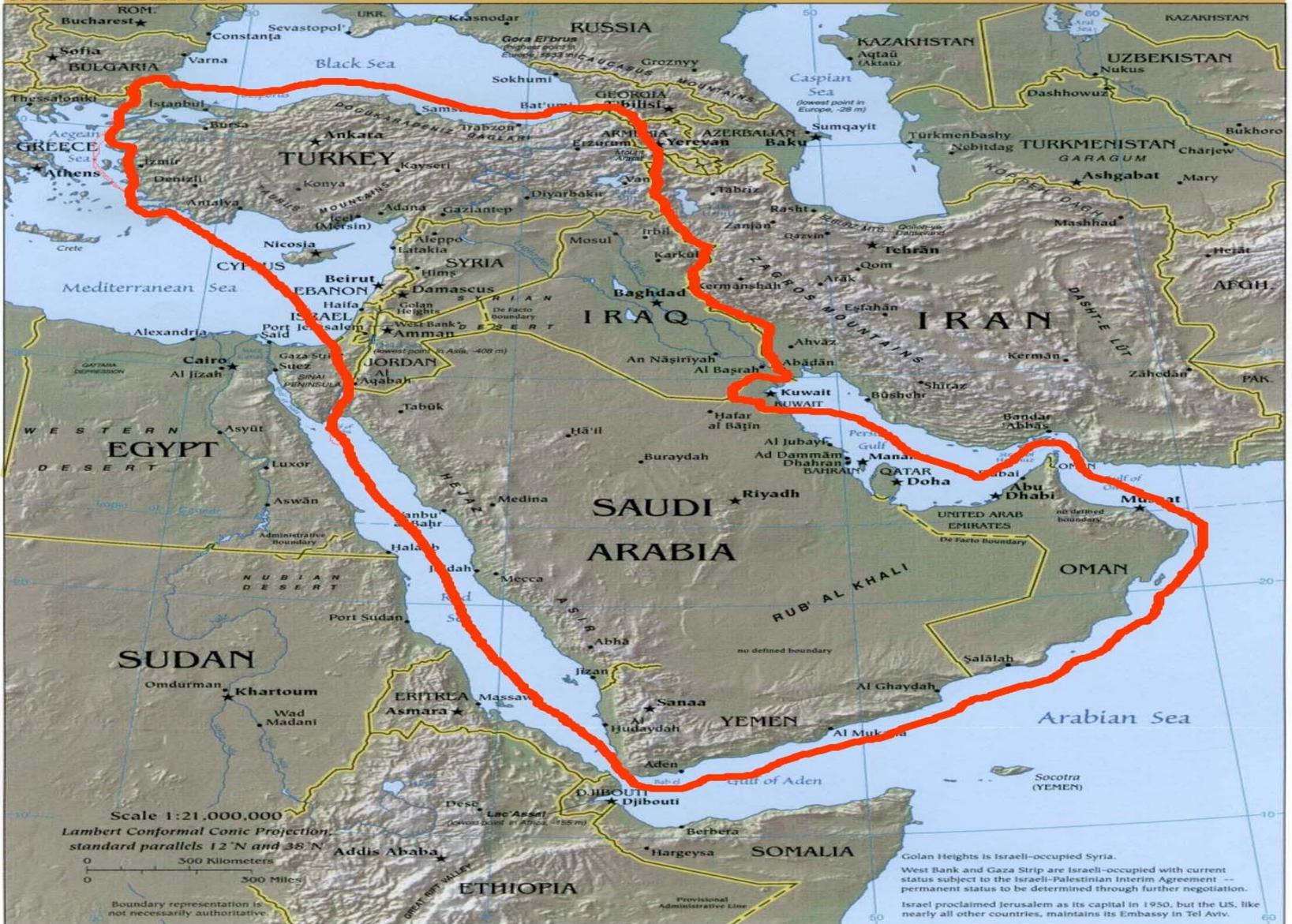


MIDDLE EAST



Its all about oil?

- Reaction to the Iraq oil law
 - Opponents of the war
 - Supporters of the war[†]
- Missing the dynamic since 1940's
- Unhelpful in ending conflict or securing supplies
 - Old approaches to new conflict
 - Hamper the creation of legitimate political authority

Oil and War Three Channels, Stages, Levels of Rent Seeking

- Geopolitics (state-state)
 - Both supporters and opponents of war agree
 - Exacerbated by ‘Peak Oil’ theories (Klare)
- Petro-state (state-society)
 - State society relation – weak/authoritarian state (Karl)
- War economy (non-state actors)
 - Break down of the state monopolies on violence and oil rents (Berdal)
- Mitigating circumstances
 - Modicum of rule of law. Need contracting authority
 - Coordination within and across borders. Pipelines

Oil – Special Features

- External Rent (wages 72% of US National Income)
 - Access to wealth not through labour but through government
- Strategic Commodity (63% of total energy consumption in US)
 - Geopolitics
- Volatile
 - Boom bust, impairs planning, Impact greater the greater the dependence
 - Vicious circle with geopolitics
- Capital Intensive
 - Low labour – low accountability
 - High Capital – rule of law and cooperation
- Enclave activity
 - Green Zones/Compounds
- Depleteable (also economic depletion)
 - Catalyst

Rent Seeking Cycle

- **State Building** – Contractual party, providing legal and physical infrastructure (Iraq 1950's Iraq Development Board, Russian Stolypin reforms)
 - As soon as rents start flowing Rent Seeking leads to
- **Petro State** – Combination of Patronage, Repression and Ideology also conflict prone (Soviet Union until 1970's, Saddam Hussein in 1970's)
 - Exacerbated Greed and Grievance leads to
- **Predatory State** – Repression more than targeted/narrow patronage and no-Ideology (especially when prices fall and legitimacy is eroded) (Senile State)
- **Failed State** - lack of legal state revenue, services, legitimacy, myriad competing and criminalised security structures, sectarianism
- **Twilight zone** – just enough state/rule of law to keep oil flowing (Angola 1980s-90s)

Mismatch of Ends and Means

- Old war tools. Overwhelming force. Control of territory and by extension resources.
- Failed in the environment of state weakness – lack of legal state revenue, services, legitimacy, myriad competing and criminalised security structures, sectarianism
- When ‘Old Wars’ meet ‘New Wars’ the result is total collapse – Privatized violence and Privatized oil perpetuate the conflict

Privatized violence – overlapping conflicts

- Chechnya
 - Rebels (Basaev-Raduyev-Barayev-Maskhadov)
 - Pro Russian Militias (Kadyrov)
 - Ministry of Interior Troops
 - MoD troops
 - Contract Soldiers
- Iraq
 - Al-Qaeda
 - Nationalist/Islamist ex-military
 - Mafias
 - Party Militias (Sadrists)
 - Coalition forces and private contractors
 - ISF

Civilian casualties -

- Chechnya
 - 10-20% of population may have been killed
 - Up to 50% became refugees at various points
 - Extreme brutality on both sides
- Iraq
 - Up to 600,000 dead
 - Four Million refugees and IDP's
 - 30,000 in Administrative detention at any one point
 - Brutality abuse torture by all parties albeit to different degrees

Privatized Oil

- **Chechnya (50-10k bpd)**
- Checkpoints
 - US\$1-10 per person
 - Proven strategic disadvantage yet impossible to abolish
 - Competition among Russian and pro-Russian agencies to run checkpoints
- Looting:
 - Gate tax during ‘зачистки’
 - Ransom for the release of arrested men: \$100-200 (usually in oil villages)
- Hostage taking
 - 1,500 Chechen hostages and hundreds Russian military and civilian. Bodies also traded
- **Iraq (1.5m bpd)**
 - Fuel Subsidies (more than 10% of GDP 20% with other energy – not to consumer)
 - Smuggling, paper smuggling, tapping
 - Secondary criminality (diversion of aid, hostage taking, pipeline ‘security’)
 - Kurdish contracts

New Approach – Building Legitimacy

- Protecting civilians
- Building cross cutting alliances
- Bottom up approach
- Economic incentives
- Restoring state legitimacy

Twilight

- Chechnya

- Growing share of sector controlled by Grozneft – Rossneft
- Russia returning to petro-state
- Intra-Chechen violence

- Iraq

- Reviving the machinery of government
- Backlash against extremism and sectarianism
- Progress on legislative agenda
- Return to repression and patronage?