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?