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More Looting (er, “Free Market Reform”) in Iraq

Kevin Carson

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More on the sort of neoliberal/crony capitalist “market democracy” cooked up for Iraq under Paul Bremer, in a *Washington Monthly* article appropriately entitled “Pinkertons at the CPA.”

...during his tenure, CPA chief L. Paul Bremer repealed virtually the whole Iraqi legal structure with his so-called 100 Orders. He did not, however, repeal Saddam’s 1987 Labor Code, which forfeited the right of public sector workers to bargain collectively. That decision, though deeply foolish for purposes of nation-building, made perfect sense to the movement ideologues staffing the U.S. occupation. Much of the CPA’s effort in Baghdad was devoted to helping create a conservative’s ideal state, complete with a 15 percent flat tax on individual and corporate income. Bremer’s crew was so zealous that they tried, in September 2003, to privatize virtually the whole economy—200 state-owned firms. Legalizing labor

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unions would not have been helpful, to say the least, to these privatization plans.

Of course, under Saddam's mixed economy, that "public sector" included a major part of the industrial sector. The legal apparatus of a totalitarian, state-owned economy can come in mighty handy for the kind of "privatization" favored by corporatist stooges like Bremer. As one of Orwell's characters once noted, it's sometimes difficult to tell the men and the pigs apart.

The CPA also refused to unfreeze union assets, which the Iraqi Federation of Trade Unions (IFTU, a legitimate and independent successor to Saddam's government-controlled GFTU) claims ownership of.

The U.S. government further signaled its attitude towards Iraqi labor unions in early December 2003 when coalition troops stormed the IFTU headquarters in Baghdad, ransacked their offices, arrested eight union workers, and shut down the office. Within a day, the arrested were released uncharged from Al Muthan airbase, but IFTU headquarters remained shut for seven months. The jailed men accused the United States of relying on information provided by a member of Saddam's old regime, Abdullah Murad Ghny, who owns a major private transport company whose workers had begun to organize. While in jail, Turkey Al Lehabey, the General Secretary of the Communication and Transport Workers Union, an IFTU affiliate, said a local American commander named Kelly had told the men, "Iraq has no sovereignty and no political parties or trade unions. We do not want you to organize in either the north or south transport stations." He added, "You can organize only after June 2004; for now, you have an American governor."

"Meet the new boss, same as the old boss..." And before any neo-cons chime in with charges of "moral equivalence," I'll cheerfully admit there's no evidence that Bremer put independent labor organizers into "people shredders" or hung them up by their thumbs. Must make a body proud when the main defense of his government is "Hey, they're not as bad as Saddam!"

As for Kelley's reference to organizing after June 2004, the humor of that little jest probably fell victim to the language barrier. Naomi Klein has pointed out that the legal code promulgated under the CPA (including its anti-labor provisions) is the law of the land even in the newly "sovereign" Iraq, until a new constitution is ratified. That was the whole point of Bremer's urgency to loot (er, "privatize") the state sector with both hands, and divvy it up among the crony capitalists, while he had the chance. Make hay while the sun shines, and all that.

Come to think of it... I linked to information in an earlier post showing that governments sometimes spend more money upgrading state-owned water utilities, before private corporations would agree to purchase them, than they get from "privatization." That's especially ironic, given the fact (mentioned here by commenter Bill) that a major component of profit from "privatized" services is asset stripping. Makes you wonder how much of that \$89 billion was spent paying the "usual suspects" to take Iraqi state industry off of Bremer's hands. As I remarked in response, neoliberal "privatization" is like selling a car for next to nothing when you're still making payments on the sticker price—and when you've just put big bucks into repairs for the "privilege" of selling it. The only way you can come out ahead on a deal like that is if somebody else (i.e., the taxpayer) is making the payments.