Once oil passed $140 a barrel, even the most rabidly right-wing media hosts had to prove their populist cred by devoting a portion of every show to bashing Big Oil. Some have gone so far as to invite me on for a friendly chat about an insidious new phenomenon: “disaster capitalism.” It usually goes well—until it doesn’t.

For instance, “independent conservative” radio host Jerry Doyle and I were having a perfectly amiable conversation about sleazy insurance companies and inept politicians when this happened: “I think I have a quick way to bring the prices down,” Doyle announced. “We’ve invested $650 billion to liberate a nation of 25 million people. Shouldn’t we just demand that they give us oil? There should be tankers after tankers backed up like a traffic jam getting into the Lincoln Tunnel, the Stinkin’ Lincoln, at rush hour with thank-you notes from the Iraqi government…. Why don’t we just take the oil? We’ve invested it liberating a country. I can have the problem solved of gas prices coming down in ten days, not ten years.” There were a couple of problems with Doyle’s plan, of course. The first was that he was describing the biggest stickup in world history. The second, that he was too late: “We” are already heisting Iraq’s oil, or at least are on the cusp of doing so.

It’s been ten months since the publication of my book *The Shock Doctrine: The Rise of Disaster Capitalism*, in which I argue that today’s preferred method of reshaping the world in the interest of multinational corporations is to systematically exploit the state of fear and disorientation that accompanies moments of great shock and crisis. With the globe being rocked by multiple shocks, this seems like a good time to see how and where the strategy is being applied.

And the disaster capitalists have been busy—from private firefighters already on the scene in Northern California’s wildfires, to land grabs in cyclone-hit Burma, to the housing bill making its way through Congress.
The bill contains little in the way of affordable housing, shifts the burden of mortgage default to taxpayers and makes sure that the banks that made bad loans get some payouts. No wonder it is known in the hallways of Congress as “The Credit Suisse Plan,” after one of the banks that generously proposed it.

Iraq Disaster: We Broke It, We (Just) Bought It

But these cases of disaster capitalism are amateurish compared with what is unfolding at Iraq’s oil ministry. It started with no-bid service contracts announced for ExxonMobil, Chevron, Shell, BP and Total (they have yet to be signed but are still on course). Paying multinationals for their technical expertise is not unusual. What is odd is that such contracts almost invariably go to oil service companies—not to the oil majors, whose work is exploring, producing and owning carbon wealth. As London-based oil expert Greg Muttitt points out, the contracts make sense only in the context of reports that the oil majors have insisted on the right of first refusal on subsequent contracts handed out to manage and produce Iraq’s oil fields. In other words, other companies will be free to bid on those future contracts, but these companies will win.

One week after the no-bid service deals were announced, the world caught its first glimpse of the real prize. After years of back-room arm-twisting, Iraq is officially flinging open six of its major oil fields, accounting for around half of its known reserves, to foreign investors. According to Iraq’s oil minister, the long-term contracts will be signed within a year. While ostensibly under control of the Iraq National Oil Company, foreign firms will keep 75 percent of the value of the contracts, leaving just 25 percent for their Iraqi partners.

That kind of ratio is unheard of in oil-rich Arab and Persian states, where achieving majority national control over oil was the defining victory of anticolonial struggles. According to Muttitt, the assumption until now was that foreign multinationals would be brought in to develop brand-new fields in Iraq—not to take over ones that are already in production and therefore require minimal technical support. “The policy was always to allocate these fields to the Iraq National Oil Company,” he told me. This is a total reversal of that policy, giving INOC a mere 25 percent instead of the planned 100 percent.

So what makes such lousy deals possible in Iraq, which has already suffered so much? Ironically, it is Iraq’s suffering—its never-ending crisis—that is the rationale for an arrangement that threatens to drain its treasury of its main source of revenue. The logic goes like this: Iraq’s oil industry needs foreign expertise because years of punishing sanctions starved it of new technology and the invasion and continuing violence degraded it further. And Iraq urgently needs to start producing more oil. Why?
Again because of the war. The country is shattered, and the billions handed out in no-bid contracts to Western firms have failed to rebuild the country. And that’s where the new no-bid contracts come in: they will raise more money, but Iraq has become such a treacherous place that the oil majors must be induced to take the risk of investing. Thus the invasion of Iraq neatly creates the argument for its subsequent pillage.

Several of the architects of the Iraq War no longer even bother to deny that oil was a major motivator. On National Public Radio’s To the Point, Fadhil Chalabi, one of the primary Iraqi advisers to the Bush Administration in the lead-up to the invasion, recently described the war as “a strategic move on the part of the United States of America and the UK to have a military presence in the Gulf in order to secure [oil] supplies in the future.” Chalabi, who served as Iraq’s oil under secretary and met with the oil majors before the invasion, described this as “a primary objective.”

Invading countries to seize their natural resources is illegal under the Geneva Conventions. That means that the huge task of rebuilding Iraq’s infrastructure—including its oil infrastructure—is the financial responsibility of Iraq’s invaders. They should be forced to pay reparations. (Recall that Saddam Hussein’s regime paid $9 billion to Kuwait in reparations for its 1990 invasion.) Instead, Iraq is being forced to sell 75 percent of its national patrimony to pay the bills for its own illegal invasion and occupation.

Oil Price Shock: Give Us the Arctic or Never Drive Again

Iraq isn’t the only country in the midst of an oil-related stickup. The Bush Administration is busily using a related crisis—the soaring price of fuel—to revive its dream of drilling in the Arctic National Wildlife Refuge (ANWR). And of drilling offshore. And in the rock-solid shale of the Green River Basin. “Congress must face a hard reality,” said George W. Bush on June 18. “Unless members are willing to accept gas prices at today’s painful levels—or even higher—our nation must produce more oil.”

This is the President as Extortionist in Chief, with gas nozzle pointed to the head of his hostage—which happens to be the entire country. Give me ANWR, or everyone has to spend their summer vacations in the backyard. A final stickup from the cowboy President.

Despite the Drill Here. Drill Now. Pay Less bumper stickers, drilling in ANWR would have little discernible impact on actual global oil supplies, as its advocates well know. The argument that it could nonetheless bring down oil prices is based not on hard economics but on market psychoanalysis: drilling would “send a message” to the oil traders that more oil is on the way, which would cause them to start betting down the price.
Two points follow from this approach. First, trying to psych out hyperactive commodity traders is what passes for governing in the Bush era, even in the midst of a national emergency. Second, it will never work. If there is one thing we can predict from the oil market’s recent behavior, it is that the price is going to keep going up regardless of what new supplies are announced.

Take the massive oil boom under way in Alberta’s notorious tar sands. The tar sands (sometimes called the oil sands) have the same things going for them as Bush’s proposed drill sites: they are nearby and perfectly secure, since the North American Free Trade Agreement contains a provision barring Canada from cutting off supply to the United States. And with little fanfare, oil from this largely untapped source has been pouring into the market, so much so that Canada is now the largest supplier of oil to the United States, surpassing Saudi Arabia. Between 2005 and 2007, Canada increased its exports to the States by almost 100 million barrels. Yet despite this significant increase in secure supplies, oil prices have been going up the entire time.

What is driving the ANWR push is not facts but pure shock doctrine strategy—the oil crisis has created the conditions in which it is possible to sell a previously unsellable (but highly profitable) policy.

Food Price Shock: Genetic Modification or Starvation

Intimately connected to the price of oil is the global food crisis. Not only do high gas prices drive up food costs but the boom in agrofuels has blurred the line between food and fuel, pushing food growers off their land and encouraging rampant speculation. Several Latin American countries have been pushing to re-examine the push for agrofuels and to have food recognized as a human right, not a mere commodity. United States Deputy Secretary of State John Negroponte has other ideas. In the same speech touting the US commitment to emergency food aid, he called on countries to lower their “export restrictions and high tariffs” and eliminate “barriers to use of innovative plant and animal production technologies, including biotechnology.” This was an admittedly more subtle stickup, but the message was clear: impoverished countries had better crack open their agricultural markets to American products and genetically modified seeds, or they could risk having their aid cut off.

Genetically modified crops have emerged as the cureall for the food crisis, at least according to the World Bank, the European Commission president (time to “bite the bullet”) and Prime Minister of Britain Gordon Brown. And, of course, the agribusiness companies. “You cannot today feed the world without genetically modified organisms,” Peter Brabeck, chairman of Nestlé, told the Financial Times recently. The problem with this argument, at least for now, is that there is no evidence that GMOs increase crop yields, and they often decrease them.
But even if there was a simple key to solving the global food crisis, would we really want it in the hands of the Nestlés and Monsantos? What would it cost us to use it? In recent months Monsanto, Syngenta and BASF have been frenetically buying up patents on so-called “climate ready” seeds—plants that can grow in earth parched from drought and salinated from flooding.

In other words, plants built to survive a future of climate chaos. We already know the lengths Monsanto will go to protect its intellectual property, spying on and suing farmers who dare to save their seeds from one year to the next. We have seen patented AIDS medications fail to treat millions in sub-Saharan Africa. Why would patented “climate ready” crops be any different?

Meanwhile, amid all the talk of exciting new genetic and drilling technologies, the Bush Administration announced a moratorium of up to two years on new solar energy projects on federal lands—due, apparently, to environmental concerns. This is the final frontier for disaster capitalism. Our leaders are failing to invest in technology that will actually prevent a future of climate chaos, choosing instead to work hand in hand with those plotting innovative schemes to profit from the mayhem.

Privatizing Iraq’s oil, ensuring global dominance for genetically modified crops, lowering the last of the trade barriers and opening the last of the wildlife refuges… Not so long ago, those goals were pursued through polite trade agreements, under the benign pseudonym “globalization.” Now this discredited agenda is forced to ride on the backs of serial crises, selling itself as lifesaving medicine for a world in pain.
