Who won the war in the Persian Gulf?

by Muriel Mirak-Weissbach

One year after the launching of George Bush's war against Iraq, the killing continues. Latest estimates are that the aftermath of the precision bombing of infrastructure, in addition to the ongoing embargo and sequestering of Iraq's monetary assets, has killed from 70,000 to 90,000 people. Many of these are children who cannot get medical treatment, or the required nutrition.

Yet the Gulf war has not accomplished its authors' major objective—the breaking of the spirit of the Iraqi population. That population refuses to be intimidated out of its fervent belief that it has a right to technological progress and dignity, and this attitude threatens to create the conditions for a boomerang against Bush's new world order.

Rebuilding

In March 1991, an Iraqi priest told me confidently, "Don't worry, you will see. We will rebuild Iraq, in a couple of years." Then, he corrected himself, "No, not a couple of years, but one year, you will see, if they only lift the embargo." Though it sounds preposterous, that is what is happening, at least within the straitjacket of the continuing blockade.

First, the facts: An ambitious reconstruction effort is indeed under way. As documented in a film issued as far back as July, by the Construction and Housing Ministry, and confirmed by eyewitness reports, the Iraqis have managed to mobilize existing resources, both material and human, to restore and repair what the six-week-long bombing raids had destroyed. The first requirement following the official cessation of hostilities was to take stock of the damage done, an awesome task considering that the paralysis in communications made it impossible to assemble data for the whole country. Once an overview had been pieced together, priorities were not difficult to identify; since it was the infrastructure breakdown that was subjecting the country to slow death, the primary task was to restore basic services. This meant generating electricity, to run facilities in hospitals and public buildings, as well as to run water purification plants, to stop the spread of deadly epidemics. Although the lack of raw materials and spare parts due to the continuing embargo still severely limits the extent to which normal economic activity can be reactivated, social services, such as the health system and schools, have started operating again, contributing to a sense that life is returning.

Certain infrastructure projects were seen as key to the overall effort. For one, the bridge across the Euphrates at Ramadi, on the road from Amman to Baghdad—the main artery connecting the capital to the rest of the world. Another was the Al-Jumariya bridge in downtown Baghdad, an important link in the urban transportation chain. Both were fully operational by November.

It happened before

The government film issued to document this effort is titled "Sign of a Miracle," but in fact it is not. Looking back into the history of Iraq's industrial development in the period prior to the 1991 war provides a glimpse into the dynamic now operating in the reconstruction process. The German economist Eugen Wirth published an article on this subject in the September 1990 edition of the German Orient-Institut's quarterly journal, *Orient,* called "Iraq on the Eve of the Invasion of Kuwait." Wirth, who decidedly opposed Saddam Hussein's invasion of Kuwait, is, however, not thereby blinded to the achievements made in the economy, from the early 1970s. From the 1973 oil price rise, in particular, he shows that the government had financial instruments with which to launch "many great projects of economic development and building up the country, without having the population pay for it through high taxes or higher costs." Such high oil revenues made it possible for numerous small and medium-sized private enterprises to be encouraged, alongside the state-sector investments, through government subsidies or interest-free loans. The results were visible in 1980, in a high living standard and a foreign currency reserve position which was greater than that of the U.S., Japan, France or Britain.

Although the attrition war with Iran stunted this process somewhat, Wirth shows that even during the 1980-88 war period, Iraq put out tens of billions of dollars, aside from military expenditures, to build up an efficient infrastructure. These investments, though increasing the country's foreign debt, led to those "roads, railroads, dams, irrigation canals, power plants, airports, hospitals, schools and universities and, last but not least, social housing" which have made the country unique in the Gulf region. Though not generally mentioned in press reports, two of the dams built in the period, at Haditha on the Euphrates and Eski Mosul on the Tigris, are of comparable dimensions to the Syrian dam at Tabqa on the Euphrates and the Turkish Keban dam. Many of the great projects, dams, highways, and housing were undertaken with participation of German industrial groups. Simultaneously, the regime spent massive amounts, up to $2 billion a year, for food imports, again during the war years, which, all told, sucked up its foreign reserves by 1984.

At the end of the war with Iran, Iraq started a reconstruction effort aimed at wiping out the signs of war. A crash program approach was used, whereby the construction firms nationally were deployed all together, first in Baghdad, then in Basra, and finally in Mosul. One factor behind the flexibility demonstrated by the economy in this effort was definitely Iraq's private sector. Wirth shows that throughout the 1980-88 period, private companies took over increasingly to produce, transport and repair goods needed by the Army, and that other industrial sectors were also in private hands. The state would allocate land for enterprises and supply road, electricity and water connections. With this policy, Iraq succeeded in laying the seeds for the development of an economic middle class.

Against this background, the reconstruction effort launched following the Feb. 28, 1991 cease-fire emerges as an attempt to replicate what was done after 1988, drawing on whatever still remains of the economic fabric that had been woven in the 1970s and 1980s. But it has to be underlined, that the project is totally precarious as long as the embargo continues. Unless the blockade is lifted unconditionally, allowing in industrial equipment, there can never be a stop to the killing, or stable reconstruction.

Waiting for Iraq to blink

This poses an awkward problem for the "victors" in the anti-Gulf coalition: if the purpose of the war were to drive Saddam's forces out of Kuwait, then the war has been won by Bush, Major et al. But if the aim was to bomb Iraq back to the Stone Age, such that it would never reemerge, then the victory seems less clear-cut. If the aim were to oust Saddam from power, as both London and Washington have openly stated, that seems not to be a near-term gain.

Bush speculated that Saddam Hussein would not accept the U.N.'s resolution 706, allowing Iraq to sell $1.6 billion of oil but stipulating that Kuwaiti reparations and U.N. costs would be paid for before medicine and food could be purchased with the funds. Bush calculated that if Saddam rejected the offer, the Iraqi leader would be branded as responsible for the premature deaths of thousands of starving children. The U.N. would have shown its willingness to provide humanitarian relief, etc. Thus, the justification would exist to maintain sanctions.

Yet, it now seems that some loosening of the sanctions may be in the offing. The anti-Iraq coalition found itself in an untenable position, not only morally, as the drama of Iraq's children intensified, but also financially. And money speaks more eloquently in certain quarters than morality. At year's end, the Memorandum of Understanding regulating the humanitarian effort in Iraq expired; it was prolonged by the U.N. and Iraq for six months, but no funds were available to continue the program. Donor countries, which provide the funds for stationing of the 500 guards, as well as other U.N. programs there, were refusing to contribute, arguing that Iraq should pay, through the mechanism of Resolution 706. Without funds, the U.N. began withdrawing its contingents of guards. This tactic sent the predictable shock through the spines of the donor countries, and within days, $9 million were pledged; the guards returned to their places, and money seems to be there—for a few weeks at least. But unless the U.N. finds a way of getting Baghdad to accept 706 and pump oil for revenues it, the U.N., can access at least in part, then the U.N. will be forced to pack up and go home.

This may help explain the rumors abounding in diplomatic circles regarding an imminent "breakthrough" on 706, through negotiations in Vienna which began Jan.9, negotiations in which the U.N. will have to make concessions. Financial considerations of a similar nature may help explain why, following Britain's release of $125 million in frozen Iraqi assets, in exchange for the release of a jailed British businessman, Switzerland followed suit, and Germany appears not far behind. The assets frozen in Germany, already allocated for purchase of food, medicine and spare parts for sanitation systems, amount to a neat $100-150 million. The U.S. is holding about $2 billion in frozen funds.

In short, the anti-Iraq coalition seems to be realizing that the cost of the continuing embargo can also be computed in terms of contracts lost in the West. Iraq's ambitious infrastructure development program after all entailed significant technology transfer from Germany, France, Britain and the U.S., not to mention the massive food imports. It awaits for the embargo to be lifted.