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# *Book Review:* Iraq's Burden: Oil, Sanctions, and Underdevelopment

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Alnasrawi, Abbas. *Iraq's Burden: Oil, Sanctions, and Underdevelopment*. Westport, Conn.: Greenwood Press, 2002. 180 pp. (cloth).

Alnasrawi's recent book, *Iraq's Burden*, is a timely one. His earlier scholarly research on oil industry, OPEC, and Iraq's development planning and economic problems gives him a useful perspective on Iraq's economic problems and its origins. This book is a valuable addition to the literature. The author is a knowledgeable commentator on Iraq's economy. There are a number of books on the impact of sanctions and war on Iraq. Although these books have discussed the geopolitics and the consequences of the sanctions on Iraqis, none of these have dealt primarily with Iraq's economic problems. Alnasrawi's book fills a lacuna in the literature. He engages in a detailed discussion of the emergence of modern Iraq and the evolution of its economic policies. He traces the rise of Iraq's national oil industry, the role of oil in the country's development, the consequences of Iran-Iraq war, the invasion of Kuwait, and the effects of sanctions. Last but not the least he examines the future prospects of Iraq's economy.

Alnasrawi's book is a thorough study with references to the relevant literature and the available data. There is a paucity of reliable data on Iraq since the Iraqi authorities decided to stop publishing national income and product accounts in the late 1970s. However, the author makes good use of available data and cites facts and figures from various Iraqi planning documents available solely in Arabic. He also describes Iraq's developing planning processes and its limitations.

The author goes over modern Iraq's economic and political history. As Alnasrawi documents, its modern history is marked by instability, coups, countercoups, purges, wars, and sanctions. Iraq was one of the first Middle Eastern countries to break out of the "concession system" imposed on the Middle East during the colonial period by the oil majors. The revolution of 1958 brought about major changes in Iraqi society. The land tenure system was reformed. It also brought to an end the enclave-type nature of foreign domination. Since 1958 Iraq was ruled by middle class-led nationalist and authoritarian regimes (until the fall of Saddam Hussein). The author shows that although Iraq succeeded in increasing its oil income per unit of oil output, its economy continued to become more dependent on oil. Iraq's development program became dangerously tied to the oil sector. Though Iraq was an agricultural country, the authorities neglected the development of the agriculture sector. Indeed the actual expenditure on agriculture was less than the allocated amount. As a result Iraq became highly dependent on food imports. He points out that the Iraqi authorities also did not devote sufficient resources to develop the industrial sector. Nevertheless due to the revenue generated by oil Iraq was able to make substantial progress in literacy and education, health, social services, and infrastructure. By the late 1970s it was a middle-income country with impressive social development. The authoritarian regime provided out of the oil revenue transfers in order to consolidate its political basis. However, the relative material prosperity of Iraqis was not to last for long.

The oil supply shock that resulted from the Iranian revolution of 1979 made Iraq the second largest exporter within OPEC. Iraq benefited from the rise of oil price. However, the war with Iran led to a substantial reduction of Iraq's oil revenue due to the damage of its production facilities and the difficulty of shipping oil from Iraq. With the loss of exports, Iraq's development plans were severely curtailed. Whereas prior to the war Iraq was making progress, the war started the process of Iraq's decline. Alnasrawi gives details of the destruction caused by the Iran-Iraq war. However, the end of its war with Iran did not end Iraq's problems.

Within two years of the end of Iran-Iraq war, the Iraqi leadership brought the country to a conflict with Kuwait. Iraq had a long-standing border dispute with Kuwait. But it was Kuwait's policy of overproduction causing downslide in oil prices that led to events resulting in the invasion. Iraq regarded Kuwait's action in the oil market as tantamount to war. The Iraqi authorities claimed that a dollar reduction in world oil price meant a US$1 billion in revenue loss per year for Iraq. It also accused Kuwait of appropriating its oil through diagonal, slant drilling in Rumaila field. It demanded that the loans given by Arab countries, including Kuwait, to Iraq during the Iran-Iraq war be converted to grants. When negotiations between Kuwait and Iraq broke down, Iraq's leadership ordered the invasion on 2 August 1990. Comprehensive economic embargo was imposed on Iraq since 6 August 1990. Even after the United States defeated Iraq and forced it to withdraw from Kuwait, sanctions continued. The sanctions that were imposed on Iraq were the toughest sanction the world has ever seen.

The effects of sanctions were immediate because it was quite easy to shutoff Iraq's pipelines and prevent Iraq from exporting its oil. A post-war study revealed the sharp collapse of household's purchasing power in Iraq. Post-war Iraq is characterized by high unemployment, inflation, and substantial debt. The sanctions transformed a relatively successful Arab middle-income country into a poor and devastated nation. At present Iraq's economy is in shambles and its people face tremendous hardships and difficulties. The U.S.-imposed and U.N.-legitimized sanctions on Iraq have been in force for more than a decade. The consequences of the sanctions have been quite deadly. It is reported that more than one million Iraqis have died due to sanctions. Researchers estimate that more than half a million children have died as a result of the increase in child morality. Child mortality has risen from a level that was comparable to advanced countries to that of least developed countries with chronic shortages of food or under civil war. Iraq is the *only* case of sustained rise in child mortality in the last two hundred years. Iraq's water supply facilities and waste disposal system, its schools and hospitals, its infrastructure and its oil industry are in shambles. Iraq is barred from importing spare parts and critical equipment. The sanctions destroyed Iraqi intellectual life and civil society and strengthened the grip of the Iraqi ruling elite.

The author discusses the sanction regime. Under the sanction regime Iraq's oil imports were heavily restricted. In fact even though Iraq was allowed to export oil, it did not have control over its oil revenue, which went to an UN-administered escrow account in New York. Iraq's oil revenue is used to compensate Kuwait and other claimants against Iraq for war damages, purchase food and administer the oil-for-food program. The oil-for-food program did not permit imports for the oil sector until 1998. The existing regime of sanctions and weapons inspection seems to be work well for the UN bureaucracy. While the author provides a detailed description of how the sanction regime operates, he does not comment on this aspect of the UN sanctions. It can be argued that the UN bureaucracy financially benefits from the oil for food humanitarian program because it is probably one of the few *self-financing* programs of the United Nations that does not rely on transfer of funds from advanced economies. This program is completely funded by Iraq's own oil revenue. Therefore, it cannot be regarded as an aid program.

Alnasrawi examines the evolution of Iraq's economic and covers the devastating effects of the sanctions on the population in details. He regards Iraq's oil wealth as burden instead of a blessing. However one can argue that the social system that has been fostered by Iraq's oil wealth as well as imperialist passion for control of its wealth that are the country's "burdens," not its hydrocarbon resources. The author does not emphasize the key role of the U.S. and the U.K. in perpetuating and prolonging the sanctions. Throughout the 1990s though France, China, and Russia occasionally expressed reservations about the continuation of the sanctions, they had gone along with the Anglo-American elites. The Arab regimes, such as Saudi Arabia and United Arab Emirates, did not really voiced their dissatisfaction with the sanction regime. Moreover, one can argue that other OPEC countries gained from the loss of Iraq's market share in the international oil market. Yet this is not an argument that Alnasrawi considers.

The author does not discuss the role of the Western countries in providing military and financial support to the Iraqi regime during its worst days of human rights abuse, slaughter of the Kurds, and attacks on Iran (Arnove 2002 and Parenti 2003). The U.S. and other Western countries were providing Iraq with military intelligence and subsidies when the regime was killing Iraqi dissidents and Kurds and fighting a war with the Iranians. It was after the invasion of Kuwait that Saddam Hussein was transformed into an official enemy. Until then, he and his regime were worthy partners of the West. The U.S. had no qualms about permitting American Type Culture Collection, a U.S. company, to supply spores that could be used as biological weapons. Much of this is rarely mentioned in current discussions about Iraq. It is barely discussed that U.S. war planners had deliberated damaged Iraq's water system, which is a war crime.

At times the book is a bit repetitive. Each chapter seems to have been written as a separate article for publication in academic journals. The same information is often provided in different chapters. Such repetitions could have been judiciously edited.

Alnasrawi's book remains a valuable contribution to literature on economic development, the political economy of the Middle East, and the literature on the history of geopolitics of oil. It provides a useful background to Iraq prior to the second Persian Gulf War. It deserves to be widely read by scholars and by citizens concerned about war, occupation, and the new imperialism.