

How the iraq war affected the oil industry essays examples

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Modern day Iraq is home to some of the largest oil deposits in the world. This fact has prompted many western nations to develop an interest in it and exploit these oil deposits. It happens that the economy of this country solely depends on its oil deposits. After the Second World War the Iraq Petroleum Company was dominated by the British up until 1958. And in 1972 the oil was nationalized something that sparked the interests of other nations like France and the Soviet Union. The US also had its interests and some of the greatest businessmen like J. P. Morgan cannot be ignored at the mention of oil in Iraq. But then after the takeover of Saddam Hussein they were all cut out of the Iraqi oil.

It turns out that the discovery of oil in Iraq must have been the worst mistake of the century. The country may be sitting on a lake of oil that is supposed to use for the benefit of all Iraqis but to the dismay of its citizens, money made from the oil deposits end up in the pockets of a few people and western countries. Paradoxically many Iraqis live under the poverty line. Aside from that, the country has had to deal with war every other time, the most recent being the invasion of the United States (Mofid 13). Before the US invasion, the country was under authoritarian rule under former President Saddam Hussein and even with his ouster not so much has happened to the benefit of the citizens. Oil companies have been camping there since then much to the benefit of other countries and not Iraq itself.

There had been infighting within the Arabian Peninsula largely because of the oil interests in the region. By the year 1990 Iraq was involved went into war with Kuwait, a war that it largely referred to as the Gulf War. Iraq was deemed on the wrong but insisted on going on to run down Kuwait

destroying its infrastructure. By the end of the war, Iraq had received its share of worldwide condemnation. Its relations with its Arab neighbors and the United States deteriorated. Following the invasion of Kuwait, oil prices soared not only in Iraq and Kuwait but everywhere else (Mofid 98). There was an economic imbalance in the entire gulf region and Iraq stood to suffer more because it stood to take the blame financially and it had to pay Kuwait for the damages incurred. Overall, the crisis hurt consumer confidence and spending and Iraq was spending.

Before the invasion of America into Iraq in the year 2003, the US and all the rest of the western oil companies were completely shut out of the market of oil in Iraq. All these countries that had an interest in the Iraq oil had been shut out of Iraq in 1973. At the point of invasion of the US into Iraq in 2003, the issues raised centered on the pretence of democratization of the country and possession of weapons of mass destruction by Iraq, but what America really wanted was to access the Iraqi oil industry (Juhasz 9). America was in the least interested in the removal of a vicious dictator Saddam Hussein but its benefits from oil in Iraq. America needed to protect itself and its interests in the disguise of removing an undemocratic regime that could stand in its way and economic interests in the oil industry.

President Bush told Americans and the world that there was urgent need to deal with Hussein because he was a threat to the world peace. It was believed that without Hussein Iraq could enjoy democratic space. America based its reasoning on sociopolitical issues that it felt could convince the world but in real sense, its interests were on the oils industry and how it stood to benefit from it (Cramer & Thrall 198). At least this is true going by

the fact that Hussein was not in possession of any weapon of mass destruction as it had been claimed earlier. America wanted to maintain its global economic dominance at the expense of a country that seemed to stand in its way. Its motive of liberating Iraq was far from true and hence, the war which in return helped it achieve its mission of having control over the massive reserves of oil found in Iraq.

According to Antonia Juhasz of CNN, oil was the only goal of the Iraq invasion but was not the only reason (6). All that America wanted was to get a pass to explore and exploit oil deposits in the region, and indeed it is reaping profits from the invasion. Through the war, America achieved one of its resolutions as pertains the oil industry. Immediately after the war, America succeeded in the procurement of Iraq's largest oil reservoirs (Freeman 5). In fact, the United States secured a resolution from the United Nations that granted it together with the United Kingdom, authority to occupy and have control over the expenditure of all Iraqi oil revenues (Mofid 29). The US was going to determine the expenditures of Iraqi revenues gotten from their oils industry and by extension, determine how much Iraq could gain much to their benefit. It meant that the US was going to achieve economic gains and control the oils prices in order for them to capitalize on them and have a say in the regulation of the prices of oil. One of the things that changed immediately the war became underway was the fact that the oils resources of the US were secured and the country was no longer left at the mercies of other unstable oil nations in the Middle East. Also, the United States pressured the rest of the oil- producing countries to undergo reform both economically and politically so as to further their security in the oil industry.

But back home, the revenue collected from the oil business was pumped back to Iraq in development projects such as infrastructure. Plans got underway and there was the reconstruction of the water and sewage treatment plants as well as the production of electricity. Hospitals and schools were also built much to the benefit of the country, whose infrastructure had been destroyed following the Gulf war and the war between the country and Iran (Khadduri & Ghareeb 227). Besides that much of the oil money got into the pockets of a few rich businessmen. The transportation system was also rebuilt much to the benefit of the citizens. Not that Iraq is enjoying the democracy it is thought to have achieved after the ouster of Saddam Hussein, the country is still bleeding from that invasion and has not completely recovered, at least not politically, socially and economically. The oil industry is still dominated by a few oil businessmen and many international companies are keen on getting a share much to their benefit and not the people of Iraq.

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