

# The US in Iraq: holding on until 2009

THE stated purpose of the USA's troop "surge" in Iraq which started early this year was to damp down the country's conflicts enough that the current US-friendly Iraqi government (or, maybe, a replacement one) could acquire political solidity and carry out some reconstruction.

Nothing less would do if the USA were to move towards its goal of extricating itself while leaving a more or less stable and more or less US-friendly government in place.

The "surge" has failed entirely in that purpose. US military commander David Petraeus claims that killings have slowed. Even if that claim is true — and probably it is not — it makes the "surge" a "success" only if you change the goalposts.

As oil industry expert Ben Lando puts it: "The Iraqi government is becoming weaker every day citizens experience long hours without electricity... fuel... healthcare, water, sewage and education systems. That, along with the violence, is spurring fighting between parties, even those allied by ethnicity or religion".

A poll commissioned by the BBC and published on 10 September gives the picture.

61% of Iraqis questioned thought that the "surge" had made security worse, not better. Only 11% thought it had improved things.

Back in 2005, 22% of Iraqis told pollsters that the Iraqi government was doing a "very good job", and 39% that it was doing a "a good job". Now only 5% loyally perceive "a very good job", and 28% "quite a good job"; 66% think the government is doing a bad job.

The numbers have got worse since the start of the "surge". 66% of Iraqis now "disapprove" of the way prime minister Nouri al-Maliki is governing. His government has more ministries vacant (through resignations) than filled.

56% of all Iraqis, and 82% in Baghdad, find the security situation "bad". 80% find job availability "bad". Electricity supply: 93% overall find it bad. Water: 75%.

The Americans might be relieved to find that the percentage of Iraqis considering them primarily to blame for the violence in Iraq has decreased from 40% to 27%, and the percentage blaming Al Qaeda or Iran has risen from 25% to 33%. But the US troops have not become less hated. 93% of Sunni Arabs, and 50% of Shias, consider military attacks on US forces to be "acceptable"; the percentage wanting the US troops to leave "immediately" (rather than "when security is restored", or "when the Iraqi government is stronger") has increased to nearly 50% for the first time. It is now 46%; was 35% before the surge, and 25% in 2005.

The US news agency McClatchy reports that Iraqi Interior Ministry figures show no downturn in killings: 984 at the start of the surge, in February; 1011 in August. A ministry official told the agency that the figures were much doctored, and the real figure was 2890 in August.

The USA's own Government Accountability Office (GAO) reports (1 September) that "the average number of daily attacks against civilians remained about the same over the last six months".

The USA, notoriously, keeps no count of the Iraqi civilians killed by its own attacks. In June the Associated Press reported that the US had dropped more bombs on Iraqi cities and towns in the first four and a half months of 2007 than in all of 2006, killing about 50 Iraqi civilians every month.

The flood of Iraqis fleeing mixed neighbourhoods to seek refuge from sectarian violence either in "their own" towns and neighbourhoods in Iraq, or abroad, continues. "The number of displaced persons is increasing at an average of 80,000 to 100,000 each month" (GAO).

The tighter division of Arab Iraq into Shia-only or Sunni-only neighbourhoods — now separated off, in Baghdad, by high concrete

walls and checkpoints — should tend to reduce the number of killings. It does not lay a basis for social reconstruction.

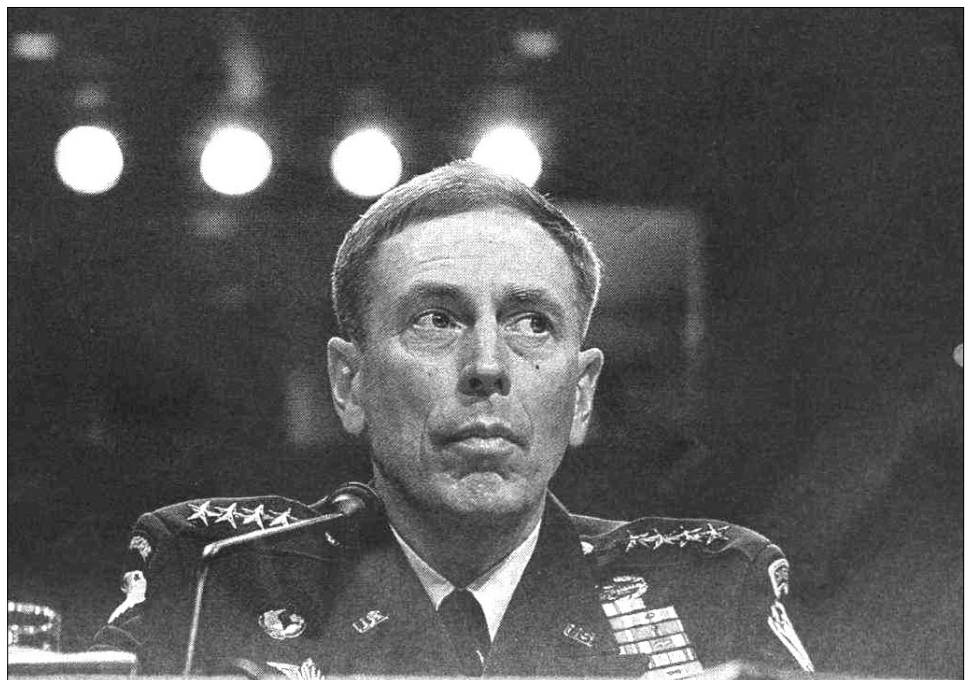
Iraq was, when oil revenues were flowing smoothly, a relatively rich country. Now, 28% of children are malnourished. According to the World Health Organisation, as of 11 September, 7000 people had been struck by cholera, and ten had died, in recent weeks — in the relatively quiet and prosperous Kurdish northern region of Iraq.

In short, the deterioration set in train after the Samarra mosque bombing of February 2006 — simmering sectarian civil war on the "top" of society, civil collapse "beneath" — continues. It has not been reversed.

In fact, the figures collated by the GAO show a trend of deterioration inexorable since the invasion in April 2003. There are occasional dips in the graph of chaos — notably in early 2005, after the first elections — but they are only temporary dips in a rigidly grim overall trend.

With the oil workers' strike in June, and the new united front of some unions to keep Iraqi oil in public hands and to defend union rights, the Iraqi labour movement — the only sizeable force in the country fighting to win democratic self-determination for Iraq on a secular basis — has reasserted itself a little. It remains heavily harassed and beleaguered. Support for it from the international labour movement is vital, and a duty.

The increasing "troops out now" sentiment in Iraq is testimony to the failure of the "surge". No wonder. This is an administration far more concerned to hand out contracts to US corporations and to strong-arm the Iraqi government into an oil privatisation law (and an electricity privatisation law just behind that) than to get clean water flowing and half-decent jobs available to Iraqi workers, let alone to help Iraqi unions gain basic democratic rights.



General David Petraeus

It is an administration which now seems to have no strategy but to bash on and hope it can keep things relatively under control until it hands over the mess to another US presidency in January 2009. There were signs earlier this year of attempts, presumably US-backed, by Iyad Allawi, the ex-Ba'thist thug who was interim (US-appointed) Iraqi prime minister in 2004, to oust Maliki through a new combination in the Iraqi parliament, then introduce a "soft" military dictatorship, but even that option seems to have failed.

Unfortunately all that does not mean that the available immediate alternatives have become better. The possibility that the al-Maliki government — unsavoury, but at least

elected after a fashion — might be able to survive after a US withdrawal is more remote than ever. The different militias are as murderously sectarian as ever. The new element of recent months is not any conciliation, but, on the contrary, increased gang warfare between rival Shia militias. As tensions sharpen in Baghdad, the idea that partition of the country following US withdrawal might provide some way out, imperfect but less bad than the current horrors, is also more and more unrealistic.

Solidarity with the Iraqi labour movement, against both the US/UK occupation and the sectarian militias, remains the only answer.

## An opaque crisis

BY RHODRI EVANS

OVER the last several months, a crisis originating at the lower end of the US mortgage market has become, at least incipiently, a world credit crisis.

The immediate background to the credit crisis is a bubble, since about 2003, in low-security, high-interest mortgage lending in the USA. Corporations have made a buck by lending to house-buyers with poor credit records, at high rates of interest.

They allow for some defaults in payment. But when interest rates go up, and the house-price spiral slows or reverses, the defaults swell.

By the end of 2006, "subprime" mortgages comprised about \$1.5 trillion, of which \$600 billion originated in 2006 alone. By early 2007, 15% of all those mortgages were in foreclosure or sixty days or more in arrears of payment.

The crisis has spread, and is peculiarly opaque, because of the exotic developments in world financial markets in recent boom times.

The mortgage companies do not just hold on to the mortgages and wait for the regular payments to come in. They bundle them together into pieces of financial paper — certificates promising to pay such-and-such a percentage on their face value — and sell them on, to reap their profits faster.

When the bubble bursts, not only do the mortgage companies get into trouble, but also other financial outfits, holding some of the

certificates which have now become worthless.

In one knock-on effect, in the USA \$250 billion of credit in the form of "commercial paper" vanished in the last three weeks of August.

More and more exotic forms of credit mean no-one knows what's happening: the capitalists face, as the experts put it, "unmeasurable uncertainty rather than priceable risk". "A peculiar feature of this 21st century financial crisis is its opacity. Nobody knows where risk has ended up, which is why confidence and liquidity drained away in the first place" (John Plender, *Financial Times*, 29 August).

Contrary to some claims that since 1980s we have entered an unprecedented new era of capitalist stability, a recent survey of the history of financial crises finds: "The Recent Period... more crisis-prone than any other period except for the Interwar Years. In particular, it seems more crisis-prone than the Gold Standard Era, the last time that capital markets were globalised as they are now". (Franklin Allen and Douglas Gale, *An Introduction to Financial Crises*).

The Asian-centred financial crisis of 1997, and the dot.com bubble-bursting which started in March 2000, were both substantial crises, although they did not become full global slumps, and they affected Britain relatively little.

Not every financial crisis spills over into a crisis in production and trade, and I don't know whether this one will.

In the USA, for the first time since the 1930s, house prices are falling on a year-over-year basis.

The US car industry is already in recession; the whole manufacturing sector is sharply slowing down. Unemployment is rising, employment is falling, and consumer spending, as well as capitalist investment, will be hit by higher interest rates.

How far that slowdown will go, I don't know. Profit rates are still relatively high in the USA, which is a factor working against, but not guaranteeing against, serious recession.

For now, industrial and trade growth is keeping up, except in the USA. "Growth in the euro area and in Japan... around two and a half percent [per year]... China and India... close to or above double digit rates" (IMF survey, 23 August).

The ability of central banks to counter slowdown by cutting interest rates is limited, since inflation has been gradually pushed up as oil prices have risen from about \$20 a barrel in 2002 to \$70 today (in 2005 US dollars).

The US dollar has slid slowly on the international markets from index 108 in 2002 to index 90 today. The way this crisis could become really huge is if the slide in the dollar becomes a collapse, and Asian governments and capitalists stop buying American stocks and bonds, thus bringing the USA up hard against the basic imbalances represented in its long-term gargantuan trade deficit.