

# International Political Economy

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## Special Report

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### **PRESIDENT BUSH PRESSES ON Part I**

**(Part II will follow the State of the Union Address.)**

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Marvin Zonis + Associates, Inc., (MZ+A) helps firms assess, monitor and manage political risk. "Political risk" refers to the uncertainties that arise from instances of political instability (such as riots and coups), poor public policy (such as inflation and currency crises), and weak institutional frameworks (such as discriminatory regulations and ineffective legal systems). "Political risk management" refers to the development of processes, structures, and knowledge that allow firms to deal effectively with political risk.

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## **PRESIDENT BUSH PRESSES ON Part I**

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In the mind of the President of the United States, the interesting question is not whether Saddam goes. That is a given. It is when and how.

The Bush administration sees only three plausible outcomes to the standoff with Iraq.

1. Saddam is assassinated by an insider. The CIA assessment was that an insider might choose to assassinate Saddam if and only if he believed a US military assault was imminent. Since that is clearly not the case now and will not be the case until the full US military build up has been completed in mid-February, the chances of the murder of Saddam are slim for the next month, at least. But there is still a slim chance that it will occur then. If the French and the Germans were more supportive of an attack, the chances of an assassination would be increased. But since Saddam has thwarted all assassination attempts for the last 30 years, one seems unlikely to succeed now.

2. Saddam's Arab neighbors succeed in convincing him that a life in exile with guarantees to free him, his family and his cronies from indictments for war crimes is preferable to an American assault and sure death for all of them. The Saudis can point to Idi Amin, living to this day in Saudi Arabia, under the protection of the Royals. Other former heads of state-- Chad's Hissene Habre, Haiti's Baby Doc Duvalier, and Ethiopia's Mengistu Haile Mariam, for example--all live in peaceful exile. But from my three decades of studying Saddam's character, this seems to me to be the least likely course of all. Saddam did not withdraw from Kuwait when the US offered a pledge not to attack his country if he did. Nor does Saddam believe he lost the Gulf War. Many of his assets were destroyed. But he is still in power while the US President that attacked him is not. He believes this could very well happen again and, most importantly, to go to his death fighting the US is more important to Saddam than staying alive.

3. The US attacks Saddam and ousts the ruling Ba'ath clique that has terrorized Iraq and that the Bush administration fears will transfer Weapons of Mass Destruction to terrorists.

The reports of UN inspector supremo Hans Blix and International Atomic Agency head Mohammed el Baradei, due at the UN today, are relevant to these three outcomes only insofar as they facilitate the US attack. Blix and Baradei will reportedly assert that Iraq is cooperating and that there have been no signs of a nuclear weapons program. That, for the Bush administration, is an irrelevant message because Saddam's refusal to allow unfettered access to Iraqi scientists or to allow U-2 over flights of his country mean he is not cooperating.

Every senior US official has reiterated the US position. The purpose of the UN inspections, for the US, is not to search Iraq and find hidden weapons. Iraq, as Paul Wolfowitz noted recently, is the size of California. There is not much chance of 100 UN inspectors, however well intentioned, scouring the country to find

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hidden weapons. Their job is not to do that but to confirm that Iraq is voluntarily disarming. Iraq's weapons declaration was a mass of recycled reports, plagiarized UN documents, and outright lies. The recent discovery of shells meant to contain chemical weapons is hardly encouraging. In short, there is no indication from the government of Iraq that it is disarming.

Secretary of State Powell, speaking at the World Economic Forum in Davos on Sunday, January 26, made the US position clear. "My government will study their report carefully. We'll study it with gravity, and we will exchange views on the findings that are presented with other members of the Council. We're in no great rush to judgment tomorrow or the day after, but clearly time is running out." But while the US will "study" the reports, it was clear from the rest of Powell's speech that their conclusions were irrelevant to the ultimate US goal. Powell continued, "There is no longer an excuse for Iraqi denial of its obligations. We must have Iraq participate in the disarmament or be disarmed. . . Multilateralism cannot become an excuse for inaction. . . We continue to reserve our sovereign right to take military action against Iraq alone or in a coalition of the willing."

## **The "When"**

Failing outcomes 1 and 2 above--Saddam's assassination or exile--President Bush will attack when the US military deems its forces are ready for the attack. Rumsfeld and Chairman Myers talk about mid to late February. The only countries likely to commit sizeable troop strength will be the UK and Turkey. Tony Blair will send about 10% of the troops needed for the assault, some 20,000. Turkey will be in northern Iraq in a major way. Thousands of Turkish troops will seek to control northern Iraq and prevent the Kurds from seizing Iraqi oil fields.

## **The "How"**

The US attack will be coordinated and massive, meant to prevent Saddam from destroying his oil fields or launching weapons at his neighbors. The US will send troops into the southern oil fields and seize the western deserts of Iraq to deny Saddam a platform for launching missiles against Israel or other states. The US will seek to bring down Saddam's regime without entering Baghdad to avoid being embroiled in costly urban warfare.

## **The Outcome**

The outcome is not in doubt. Saddam's regime is likely to crumble and relatively quickly. The nightmare possibilities--Saddam's launching chemical weapons or torching his and Kuwaiti and Iranian oil fields--are unlikely to come to pass. The major problems for the US will begin post-Saddam. The US has neither the military nor the technical resources to provide security in a post-Saddam Iraq. As in Afghanistan, the US would count on its allies to supply the occupying forces. For example, the US now has some 9,500 troops in Afghanistan. But Germany and France and other countries have sent more than twice as many, providing security in Kabul and increasingly outside the capital as well.

No matter how unilateral the action of the US, those countries will have little choice but to offer peace keeping forces after Saddam's ouster. But Secretary Rumsfeld's charge that they constitute the "old Europe" clearly (and gratuitously) infuriated President Chirac and Chancellor Schroeder. (In fact, the Europeans have consistently raised objections similar to those I raised in my International Political Economy of October, 2002. European leaders have insisted, for example, that the chances of terrorists obtaining a Weapon of Mass

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Destruction from Pakistan were infinitely greater than from Iraq. But the US will hear not of that given its obsession with Iraq.)

We need our allies for more than peacekeeping troops. We need them to provide money as well. The US got its allies in the first Persian Gulf War to pay virtually all its costs-the Saudis and the Japanese transferred billions to the US. This time around there will be a very expensive war followed by a costly program of converting Iraq into the democracy that the US has promised.

Iraqi oil, unfortunately, will not pay the bills. In an article entitled, "A Crude View of the Crisis in Iraq," Daniel Yergin began with the comment that "If oil is the question, Iraq is not the answer." He stressed that Iraq was not likely to be as big a player in the oil business as many people were speculating. To get Iraq up to the level of producing 3.5 million barrels per day-the same roughly as Iran, Norway, Mexico, Venezuela, and the United Arab Emirates-would likely take three years of work and require an investment of at least \$7 billion. "Another 2 million barrels per day would require a major push, and it would still leave Iraq several rungs below the capacity of the Big Three producers - Saudi Arabia, the United States and Russia. Making that leap to 5.5 million barrels a day would come sometime after 2010 -- at a cost of upwards of \$20 billion." (See, the Washington Post, December 8, 2002.)

If the funds to rebuild Iraq are not going to come entirely from Iraqi oil, they are unlikely to come in a major way from the US. Its recent record on providing financial aid is not encouraging. In the year ending September 30, 2002, the US spent \$13 billion in Afghanistan on the war against al Qaeda and the Taliban. In the same period, the US government committed a total of \$10 million for the reconstruction of the country and its government. The Congress has since passed legislation providing \$3.3 billion in new US aid to Afghanistan over the next four years. But nowhere near that amount has been appropriated for the current fiscal year: Legislation passed by the Senate currently calls for only \$157 million in new aid, while the House version budgets \$295 million.

Watch, instead, for a traditional ally to receive even more than its annual allocation of roughly \$5 billion. Israel has approached the US about a US bailout of \$10 billion to boost its stagnant economy.

If the money and the peacekeepers are not going to come exclusively from the US, they will have to come from allies.

Republican Senator Chuck Hagel of Nebraska, a Vietnam veteran with a distinguished war record, has been critical of Bush's policies on just these grounds. "It won't be the military might of the US alone that wins the war against terrorism." Sustaining and building "a new Iraq," he stated, will require "a vast amount of resources. . . . America cannot do this alone. That was the lesson we should have learned from Vietnam, the greatest foreign policy failure in our history." Iraq, Hagel went on, "is not the most imminent threat to America today. There is also North Korea, the Israeli-Palestinian issue, the Pakistan-India issue, major problems in South America. These are all combustible, dangerous threats to international stability and peace. We have to deal with these. We can't do it alone. We need the resources and support of our allies."

The key point here is that Secretary Powell told his Davos audience that the US would continue to "lead." But leading is more than going in first. Leading is about motivating others to follow. That we depreciate the allies we need and then bludgeon them into doing our bidding has nothing to do with leading and everything to do with coercing. Coercion never works over time, however effective it may be in the short run.