

← Back (/search?)

text=Rep.%20Rogers%2C%20Bush%20official%20promise%20Gold%20Rush%20in%20Iraq&content_added=&date_from=&date_to=&pub%2525255B0%2525255D=MLCP&pub%25255B0%25255D=MLCP&pub%255B0%255D=MLCP&pub%5B0%5D=MLCP)

Rep. Rogers, Bush official promise Gold Rush in Iraq

May 19, 2004 Publication: Lansing City Pulse (MI) Word Count: 1597

PULSE:NEWS&OPINION :: MAY 19, 2004

Rep. Rogers, Bush official promise Gold Rush in Iraq

By DANIEL STURM

If you're looking to make your fortune, go east, young man □ east to Iraq, U.S. Rep. Mike Rogers advises.

American firms can expect to see a new "Gold Rush" if they would expand their markets in Iraq, says Rogers (R-Brighton), whose district includes Lansing.

"I believe there's a great opportunity for Michigan companies in Iraq," Rogers told a dozen businessmen at a Michigan Manufacturers Association meeting in Lansing on Monday, May 17. "This economy has the potential to give out \$600 billion a year. The Iraqis are fast becoming a consumer population. In my entire life, I've never seen so many satellite dishes on roofs."

Rogers, a former FBI officer and strong supporter of the Iraq invasion, has traveled to Iraq three times since the country's government was overthrown in April 2003. During a one-hour briefing on "Doing Business in Iraq" with Bush administration senior official William H. Lash as guest speaker, Rogers painted a glowing picture of the prospects for economic gain in this combat-scarred country.

Lash, the Department of Commerce assistant secretary for market access compliance, said that Iraq's economy was wide open to private investors. Not only would it be lucrative for Michigan firms to do business, but it was a "moral imperative" for them to help make Iraq safe for democracy and capitalism. "Iraq needs everything from pipes and tubes to electrical wiring. You name it," said Lash. "Anything you can sell in Michigan, you can sell in Iraq."

The government official and former George Mason University School Law professor said that it was the U.S.'s mission to establish a new "civil society" and a private sector free of coercion in Iraq, where the laws of market competition functioned, and trade and marketing could take place.

More than \$5 million are being invested by foreigners in Iraq daily, according to Lash. Construction companies are breaking ground for new hotels. Wal-Mart was moving in, and Pepsi-Cola was opening a bottling plant. "These are the same steps we see all around the world, in any emerging market," Lash said.

The lawyer drew parallels between Iraq and Eastern Europe following the Berlin Wall's collapse in 1989. He predicted that exports of bath supplies and cosmetics would go up, just as they had during Eastern Europe's transition from socialism.

A recent article in the Economist included a similarly glossy portrait, depicting the economic plan of Iraq's Coalition Provisional Authority as "a capitalist dream [□]. The kind of wish-list that foreign investors and donor agencies dream of for developing markets." Income and corporate taxes have been capped at 15 percent. Tariffs have been eliminated, although a 5 percent reconstruction surcharge will be imposed on certain imports. Iraq's financial system has been completely overhauled, and some 200 public companies are being privatized. After more than 40 years of strict government controls on paper, at least, Iraq has been transformed into a vast free trade zone.

The most controversial reforms deal with the regulation, or rather non-regulation, of foreign investments, according to the French newspaper Le Monde Diplomatique. Foreign-ers can now own property and invest in any sector of the Iraqi economy with the exception of natural resources. These economic reforms extend beyond World Bank guidelines on foreign direct investment, which recognize the right to maintain mechanisms governing the admission of foreign investment, and to allow for reasonable limits on the repatriation of revenue.

The U.S. has also been criticized for excluding countries that opposed the invasion of Iraq from bidding for the prime contracts, worth \$18.4 billion in total, and also from excluding Iraqi firms. When asked whether he believed Iraqi business owners weren't prepared to rebuild their own country, Lash said: "I'm not saying that. The prime contracts for construction went to large companies from the United States as well as the United Kingdom. When you're talking about managing a billion dollar project, you need a company that is sophisticated, and has the capability to handle it. All of these prime contractors have employed thousands of Iraqis. It's a very positive economic story."

Mike Rogers' invitation for Michigan firms to invest in Iraq comes at a time when the reconstruction is drawing criticism from British and U.S. diplomats, economists and even from Republican Party members. At a recent hearing, Rep. Jim Kolbe, who chairs the House Appropriations foreign operations subcommittee, cited "bureaucratic infighting" and a "loss of central command and control," and sharply questioned top administration officials: "I have very serious concerns about the pace of assistance in Iraq and the management of those funds."

According to The Washington Post, less than 5 percent of the \$18.4 billion earmarked for reconstruction has been spent, and occupation officials have shifted more than \$300 million to cover administrative and security expenses. The Post reported that \$184 million originally appropriated for drinking-water projects have been reassigned to fund the operations of the U.S. Embassy, once provisional authority is dissolved on June 30.

When asked about this diversion of funds, Lash admitted that U.S. contractors are spending more funds on security than planned. But during a discussion prior to the business briefing, Lash and Rogers downplayed reports about rising security concerns for foreigners. "It's just like walking in a rough neighborhood anywhere in America," Rogers said. He argued that the kidnappings of businessmen have occurred only because people had "deviated" from "security rules."

Lash added that when he visited Iraq in February, he didn't even need to wear a security vest during his meetings with Iraqi business leaders, despite being outside Baghdad's heavily guarded "Green Zone."

The senior commerce official likened Iraq with other countries, where security required vigilance, but where business would still take place. "You walk into a Starbuck's in the Philippines, and there are two armed guards. You walk into a Kentucky Fried Chicken in India, there's a guy with a gun. You walk into a Seven Eleven in El Salvador, there's a guy with a shotgun."

The Rev. Peter Dougherty, who has also visited the Middle East several times and who directs the Michigan Peace Team in Lansing, criticized this view of the situation. "The things that have come out of Rep. Rogers' office about his trip to Iraq are painting an unreal and rosy picture of Iraq." The minister, who had last been to Baghdad in November, said a growing number of nongovernmental organizations had recently left the city due to security concerns. "There's a myth being created that it's just a bunch of thugs doing this stuff, when in fact the majority of the Iraqi society agrees with [the idea of] getting the U.S. out."

Other participants at the briefing said they would carefully explore their options. Luis Arias, vice president on

International Marketing for the Alpena-based Besser Co., said his company was "anxious" to get into the country. Arias said Besser sells equipment for concrete blocks in 107 countries, but had lost contact with its former Iraqi customers after the Gulf War in 1991.

He said that it was almost impossible for a smaller private company such as Besser to get into Iraq. "You can't reserve a hotel, you can't fly into Baghdad and you can't take a taxi from the border."

When asked whether he felt Lash had given an overly optimistic assessment, Arias replied: "Maybe from the government's side he has other ways of doing things that a private company doesn't have." Arias said that in addition to unresolved logistical problems, there were other problems for smaller companies doing business in Iraq. He said that according to information from the U.S. Export Interbank, financing for U.S.-made equipment has thus far only been available for larger projects. Smaller projects aren't eligible. "The package of equipment we sell is around \$1 million. They consider that a small amount."

Several opponents to the U.S.-led occupation of Iraq, who were in attendance, criticized Roger's idea of a new "American Gold Rush." Bob Alexander, a candidate for the Democratic nomination to run against Rogers in the 8th District in November, said the United States should not have invaded Iraq. But now that Iraq has been occupied, the government should be working through the United Nations to help rebuild the country.

The Lansing anti-war activist also said Rogers' plan for economic reconstruction resembled the plan of a "colonial power," that was solely interested in passing down huge profits to large corporations. But opening the door for American corporations would create a situation of economic dependency, Alexander warned. "Iraqis are in trouble when U.S. corporations leave because they now have to buy goods from us in order to maintain their electric grid, or other items."

The Democratic candidate said he doesn't oppose the idea of helping the Iraqi economy, because he believes the developed world has an obligation to "help the developing world help themselves." But "I am upset about the political agenda of this colonial occupation and its costs for the taxpayers," he added. "This is not nation-building. This is an occupational force that had no plan for how to conduct this occupation."

Four members of the Greater Lansing Network against War and Injustice picketed in front of the Michigan Manufacturers Association building, holding banners that read "Bush and Rogers out of Iraq" and "Iraq for the Iraqi people." Anna Fisher, a co-organizer of the local peace network, said: "I think the profits should be for Iraqi people, not for U.S. corporations." Another member of the group, Kate Darnell, said that unemployment in Iraq was a tremendous problem. "I'm sure that there are a lot of Iraqi businesses that could do what Americans are going to move in and do. They should have the first chance [□]. It's their country."

Care to respond? Send letters to letters@lansingcitypulse.com. View our Letters policy.

Lansing City Pulse (MI)

Date: May 19, 2004

Copyright (c) 2004 Lansing City Pulse. All rights reserved.