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## Iraq: The Way Out

By George Mullen and Bob Witty

Middle East Status Report: Iraq is in a hit-and-run civil war, the gains achieved in Afghanistan are slipping away and the Taliban is re-emerging, Pakistan remains a terrorist haven and nuclear powder keg, al-Qaeda offshoots have resurfaced with new diabolical plots to simultaneously down multiple airliners, Osama bin Laden is still unaccounted for, the Israeli-Palestinian peace process is immobilized, the Israelis have suffered a significant psychological blow to the benefit of Hezbollah, Lebanon is once again in ruins, oil prices have tripled, and Iran is on the verge of going nuclear.

With these multiple policy failures in mind, the U.S. electorate delivered a resounding midterm election mandate to change course in Iraq and the Middle East. This mandate is not necessarily one to cut-and-run, but rather, to seek a *new plan* with a realistic chance of achieving our long term objective of moving toward a stable and democratic Middle East.

Whereas the elusive road to peace in the Middle East previously ran through Jerusalem, it now runs through Baghdad. Iraq is at the heart of our Middle East problems and remains the 'key' to success, but we must recognize that only the Iraqi people can turn the dynamics in Iraq. If the Iraqis succeed in doing so, the broader region will follow.

A Four Point Plan to help the Iraqi people:

1. Give the oil to the Iraqi people and create a genuine ownership society – Nearly all the oil in the Middle East is owned and controlled by despots, whether they be tyrannical or benevolent. The citizens of these nations remain at the whim of the generosity of these despots and their western oil company partners. Is it any wonder that *resentment, humiliation* and *anger* have festered and found outlet in radical Islam?

For a myriad of reasons, it was decided that the Iraqi oil industry would remain under government ownership after the 2003 toppling of Saddam Hussein. Though well intentioned, this was a major miscalculation and loss of opportunity. So long as a bureaucracy is in charge, this critical Iraqi industry will not even remotely reach its production capabilities. More importantly, the Iraqi people will *not* have a financial stake in their nation's future nor will they see any direct benefits.

We have a golden opportunity to correct this miscalculation and do something truly revolutionary for the benefit of the Iraqi people, and in so doing, send a powerful wind of change across the Middle East.

The Iraqi oil industry should be immediately privatized into a corporation, and every naturalized Iraqi citizen given an equal allotment of shares in the new company. Many details will need to be worked out, but the following four incentives will be critical in helping to restore order and promote a civil society in Iraq:

- The oil company will immediately begin paying an annual dividend to its new owners, all 26 million Iraqi citizens, based on current oil revenues. Oil revenues in 2005 were nearly \$22 billion based on an average \$43 price per barrel of oil. (Oil prices in 2006 have been far higher.) As the oil company prospers, the dividends will rise, and vice versa. According to the United Nations Development Program, the annual median household income in Iraq in 2004 was \$288. If the oil company started paying a modest \$288 annual dividend per share (a total outlay of \$7.5 billion) it would be a 100% boost in the household income for the median single person household - an appealing annual windfall. More importantly, the average Iraqi family size is six and such a household would see a 600% rise in income - a dramatic boost indeed.
- The shares will *not* be tradable, transferable or lien-able for ten years, or after five years of national stability is achieved, whichever comes first. (The market value given the shares could be significant when they are allowed to freely trade on a public market exchange – a major financial incentive for the population to bring stability to their nation.)
- All militia members and insurgents who lay down their arms and join the Iraqi ownership society will be granted amnesty.
- All Iraqis who henceforth commit crimes against the state, or are convicted of felonies, will forfeit their ownership of shares.

The benefits to the Iraqi economy will be significant – an annual \$7.5 billion windfall of potential increased spending, the increased availability of seed money for small business start-ups, and the resultant tax revenues from said activities.

What else will this achieve? For once all the Iraqi people (Shiite, Sunni and Kurd) will have a shared vested interest in seeing Iraq and its oil industry prosper and grow. As it prospers, so will the people via their dividends. The pride of ownership is a powerful force that should not be underestimated. The Iraqi people will start seeing a future for themselves and their children and will want to eliminate the terrorists and militias as soon as possible. Furthermore, the establishment of equal Iraqi shareholders (owners) of a viable company with real assets will be the most powerful foundation for democracy and capitalism we could ever put in place in Iraq.

At this point in time, the U.S. sponsored winds of ‘democracy’ and ‘freedom’ in the Middle East can’t even keep a kite aloft. However, the winds of an Iraqi populace owning their nation’s oil and directly prospering from it, will be a category five hurricane gale that will sweep across the Gulf States, Iran, the Caucasus, and North Africa. The words, “*Look what the Iraqi people now have, but we don’t, and why is that?*” will echo in every dark corner of the Middle East.

2. Select one legitimate faction (or umbrella of factions) that is prepared to run Iraq with an iron fist if necessary, and arm this faction to the teeth – The Lebanization of Iraq is well under way and it is high time we pick a horse. The democratically elected government of Iraq is teetering and needs an iron fist that can support it. Grand Ayatollah Sistani's people may be the most likely in that they have been a dedicated and loyal partner thus far. The chosen faction must be given the green light to use a heavy hand to put down all opposing militias and terrorists, prop up the government, and protect the people's oil industry.

3. Eliminate Sadr and his militia – One way or another, Muqtada al-Sadr and his Mahdi Militia must be eliminated, and with a heavy hand if necessary. Sadr is highly destabilizing and the US never should have blinked with respect to him. That 'blink' was a signal of weakness that is still echoing in the Mid East. A signal of a different sort needs to be sent that the faction we are backing is now running the show.

4. Withdraw U.S. Troops – After the three above objectives have been met in short order (months, not years) U.S. troops must be immediately withdrawn in disciplined stages. The chips must be allowed to fall where they may, even if we don't like it. The artificial U.S. safety net is exactly that, artificial and temporary. This wound is festering, not healing. The U.S. band aid must come off and the Iraqi people must create their own facts on the ground.

However, the U.S. should maintain two isolated and heavily fortified air bases in the desert to provide air support to the chosen faction when requested. After two years of stability is achieved, these bases should be withdrawn as well. We are not building an empire in Iraq, we are protecting a friend's house from arsonists. When our help is no longer needed, we must bid our Iraqi friends well and graciously depart.

In summation, this plan is a gamble worth the taking. If it fails, so be it. *Stay the course* was certainly heading for failure, and there are few if any other viable alternatives that will maintain a unified Iraq. If, on the other hand this plan succeeds, the hurricane scale winds of change via the ownership society (the roots of democracy and capitalism) will begin to sweep the Middle East.

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