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The Role of Oil in Iraqi Politics: From Independence to The Beginning of The Twenty-first Century

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Abstract: Oil has historically played a pivotal role in shaping global geopolitics and economic systems, especially in resource-rich countries like Iraq. Since its independence in 1932, Iraq's political and economic dynamics have been deeply influenced by its vast oil reserves, which are among the largest in the world. Despite extensive historical events, there remains a need for comprehensive analysis of how oil has continuously shaped Iraq's domestic governance, foreign relations, and post-conflict reconstruction, especially from independence to the early twenty-first century. This study aims to identify and analyze the role of oil in Iraqi politics across different historical periods, including the post-independence era, the oil crises of the 1970s, and the post-2003 reconstruction phase. The findings highlight that Iraq's internal stability, foreign policy, and economic trajectory were significantly determined by oil market fluctuations, political rentierism, and international interventions. The oil crises of 1973 and 1979 not only redefined Iraq's economic capabilities but also its political leverage in the global arena. This study uniquely contextualizes oil as both a strategic resource and a political instrument, revealing its dual role in Iraq's pursuit of sovereignty and its susceptibility to foreign influence. The research underscores the critical need for Iraq to balance its oil-dependent economy with inclusive political reform, sustainable development, and regulatory autonomy to mitigate future vulnerabilities and external dependencies.

Keywords: Oil, Iraqi Politics, Independence, 21st Century

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1. Introduction

When examining the role of oil from the early 19th century onwards, it is clear that the uses of oil have evolved considerably. Initially, with the onset of industrialization, oil transitioned from being merely a source of lighting to becoming essential for the needs of modern industry. Later, its role continued to expand, as internal combustion engines replaced horses and coal-powered locomotives, especially during World War I, oil emerged as a symbol of national power. Following World War II and during the Cold War, conflicts over oil erupted between international corporations and developing nations. In the 1970s, mistrust grew among countries that relied heavily on oil for their industrial and economic development. The end of the Cold War subsequently brought about significant shifts in the global economic and political system, deeply impacting nation-states [1].

In the 21st century, as oil reserves dwindle and energy demands soar in developing nations and other oil-importing countries, uninterrupted and reasonably priced access to oil has become essential. Consequently, oil continues to play a pivotal role in both national

and international competitions, as countries strive to keep pace with the forces of globalization.

Although Mesopotamia's oil reserves have been known since ancient times, their vast potential was not fully recognized until European researchers conducted studies in the second half of the 19th century, unveiling the region's significant oil wealth. Consequently, the abundance and strategic locations of Baghdad, Mosul, and Basra increasingly drew the attention of European powers like Germany, Britain, France, the Netherlands, and Belgium, as well as the United States. During the Ottoman Empire, Sultan Abdulhamid II went so far as to register the Mesopotamian oil fields as his personal property, placing the rights to exploration and operation under the control of the Ottoman Sultan's Private Treasury Administration [2]. His preparations proved inadequate to avert the secession of the Baghdad, Basra, and Mosul provinces from the Empire. This fragmentation of Ottoman control witnessed the aforementioned provinces severing ties with the empire, Iraq emerged as a focal point due to its 115 billion barrels of proven oil reserves [3].

On the other hand, the relationship between the commodity of petroleum and the state of Iraq is crucial because the state has relied heavily on oil and oil revenues since its establishment. As the Iraqi economy derives much of its strength from oil, it becomes susceptible to fluctuations in the oil sector, both internationally and nationally. Furthermore, Iraqi politics has often responded proactively and reactively to developments in oil-related affairs.

Hence, this study aims to shed light on the role of oil in Iraqi politics despite the many transformations that have occurred in its internal and foreign policy, and since the impact of an economic resource such as oil is an inherent element of social, political and economic life, and to that end will be talked about Iraqi oil policies since the date of Iraq's independence on the third of October 1932, The State of Iraq regards this date as a national day, annually commemorating its independence from the British Mandate. This perspective is shaped by understanding the interests of external powers directed towards Iraq following the initial oil and gas drilling in 1902 and the discovery of oil in the country in 1923, can only be achieved through a thorough study and assessment of political and economic issues [4].

Based on the above, it is necessary to understand the basic arguments of this study to understand how the concept of oil Its role within the Iraqi state and on the global stage is historically contextualized. Therefore, the title of the study was to identify the role of oil in Iraqi politics: from independence to the beginning of the twenty-first century.

The Problem of The Study And Its Questions.

The current study examines its problem in identifying how oil affects and its role in Iraq's internal and foreign policies throughout contemporary history and from independence until the beginning of the twenty-first century, and based on what was previously presented in the introduction to the study, it is necessary to understand the basic arguments of this study to understand how the concept of oil and Its role within the Iraqi state and on the international stage is framed by its historical context. Therefore, the transformations and continuity in Iraq's internal affairs continue .and foreign oil policies will be studied. Within the framework of national dynamics, by studying the importance of oil in Iraq and its history, as well as examining the status of oil in the period following the independence of the Iraqi stat, and the most important oil crises and their repercussions on the policy of the Iraqi state, then the study covers the subject of the role of oil in the political scene of the State of Iraq at the beginning of the twenty-first century and the international political landscape, as well as the political and economic conditions in Iraq after 2003, and the role of oil in the reconstruction of the Iraqi state.

The study will also examine the characteristics of Iraq's relations with neighboring countries and its international relations. It will cover a period of nearly a century,

analyzing elements that have undergone changes and transformations within Iraq's political and economic structure, particularly in relation to oil. The aim is to clarify the causes and consequences of ongoing external interventions in Iraq. Drawing on pivotal events in world history, the study will elucidate changes in Iraq's political and economic processes. It will also briefly address domestic developments, focusing on the situation and ideological positions within Iraqi society. Finally, the study will strive to avoid reductionist approaches and generalizations, refraining from attributing all changes or continuities to a single event or specific external development, such as World War II, the end of the Cold War, the September 11 attacks, or the 2003 invasion of Iraq.

Study Questions:

The study attempts to answer a key question: What is the role of oil in Iraqi politics: from independence to the beginning of the twenty-first century?

A number of sub-questions arise from this question:

What was the state of oil in the period after the independence of the Iraqi state?

What the most important oil crises and their repercussions on Iraqi politics?

What is the role of oil in the political scene of the State of Iraq, and its role in the reconstruction of the state?

Objectives of the study:

The study aims to identify the role of oil in Iraqi politics: from independence to the beginning of the twenty-first century. A number of sub-objectives are derived from this main objective:

Familiarize yourself with the state of oil in the period after the independence of the Iraqi state.

Identify the most important oil crises and their repercussions on Iraqi politics.

Identify role of oil in the political scene of the State of Iraq, and its role in the reconstruction of the state.

Importance of the study:

The importance of this study lies in its focus on how the achievements and failures of the Iraqi state are intricately linked to the role of oil in Iraq's interactions with major powers. Additionally, it examines the appeal of Iraqi oil to other external actors, including international non-governmental organizations.

The importance of this study lies in its ability to offer a comprehensive understanding of oil-producing countries. It goes beyond merely identifying the actors and methods involved in the "resource extraction process" to provide deeper insights into how these dynamics shape geopolitical and economic outcomes, taking into account the decision-making process related to the implementation of all types of policies. This aims to understand the driving forces behind the key actors and the methods chosen, in order to reveal the true role of oil and its influence in Iraqi politics.

Limitations of the study:

The limits of the study are as follows:

Objective limit: The role of oil in Iraqi politics: from independence to the beginning of the twenty-first century.

Spatial limit: The State of Iraq.

Time limit: from the date of Iraq's independence on October 3, 1932 until the beginning of the twenty-first furnace.

2. Materials and Methods

This study employed a qualitative research design of descriptive analytical and historical methods for the study of oil as shaping Iraqi politics from the time of the

independence in 1932 to early twenty first century. This is where the researcher employed the descriptive analytical method to work systematically and to peruse and interpret in political, economic and social dimensions of the impact of oil on Iraq's domestic and foreign policies. This was necessary to comprehend how oil, as a crucial economic commodity, became integrated into Iraq's national development, international diplomacy, and sovereignty claims. At the same time, through the historical method we were able to explore important events and milestones, with the discovery of oil in the early 20th century, nationalization of the oil sector, and the oil crises in 1973 and 1979, for example, situated in a chronological order. To track the connection of oil related decisions to the formation of state, foreign interventions, and policy transformation, historical documents, treaties, international reports, and political discourse were reviewed. As well as the critical analysis of Iraq's post 2003 reconstruction, the study also depicted how oil continues to play a significant role in the political economic transformation of Iraq in the new geographical context. In order to achieve academic rigor, triangulation was done through integration of the primary and secondary sources, which include academic books, journal articles, government reports, and international energy datasets. This methodology placed oil in a broader context within Iraq's political narrative, bringing forth a holistic antidote to the complexity of fuels, governance and international relations in Iraq as both a gate and a constraint in Iraq's modern history.

Theoretical framework of the study

The first topic: oil in Iraq:

The first requirement: a brief summary of the history of the importance of oil in Iraq:

Oil was first discovered in the Middle East for the purpose of trade in the area of Masjid Suleiman, Iran in 1908 [5].

Oil was discovered in Iraq in 1923, and then in the Arabian Peninsula. After the discovery of oil fields with enormous potential, oil became a decisive factor in determining the geopolitical status of the Middle East, and as a result of this transformation, Iraq's position in the global economy changed significantly [6].

Given that oil's effective power is three times greater than that of coal and its significant advantages for military, commercial, and other activities, the importance of this commodity is undeniably affirmed [7].

Simultaneously, the growing reliance on oil for naval and air forces has firmly established its strategic and economic significance as indispensable for industrialized countries [8].

The lower cost of drilling and producing oil in the Middle East translates into substantial profits for those who control this vital resource. Given the unique attributes of oil as a commodity and a source of thermal energy, the relationship between major powers and the oil-producing countries of the Middle East has undergone a radical transformation. Since oil represents not just an economic asset but a matter of political economy, this shift in perspective led major powers to continually seek to penetrate the Middle East to exert influence over its affairs [9].

In this regard, if we are to distinguish a particular era with a substance of paramount importance, we must call the era that followed the First World War the "oil age". During the First World War, oil emerged as a significant factor on the international stage. and has since become essential for stabilizing the global military, political and economic situation. In this sense, the policy of the great powers in the nineteenth and early twentieth centuries to control natural resources began to find practical application in the territory of Iraq, leading to persistent competition for these territories in the ensuing decades. In other words, since its founding, Iraq has experienced recurring crises due to interventions by external powers seeking access to its oil resources [10].

In this context, Halliday employed the term "curses of black gold" to highlight the detrimental effects that oil has had on the political and economic dynamics of the region in general, and Iraq in particular, as after World War I and the disintegration of the territories of the Middle East, which led to the fragmentation of its economies into separate entities, the region became more vulnerable to external interventions. With the nature of these colonial interventions, Britain and France were easily able to exert their political influence and use their transformative capabilities to reshape the region according to for their interests [11]. Similarly, prominent postwar diplomatic issues centered on debates over oil, with Britain, France, and the United States mainly seeking to promote mutual access to oil resources [12].

In this context, under the Sykes-Picot Agreement of 1916, signed by Britain and France, the territory of the Middle East was divided between the two superpowers. Although this agreement was secret at the time, oil concerns were strongly present in the calculations of both countries. Although Mosul was initially reserved for French influence, British Prime Minister Lloyd George was unhappy with the arrangement due to the region's vast oil wealth. To alter this situation, Britain capitalized on the pressure France was facing at the time and sought British support to defend its interests against Germany during peace negotiations. In this context, Britain successfully negotiated the annexation of the Iraqi region of Mosul in exchange for its support of France [13].

The second requirement: the state of oil in the period following the independence of the Iraqi state

In June 1930, the United Kingdom and Iraq signed the Anglo-Iraqi Treaty, which outlined a path towards Iraqi independence. Two years later, in October 1932, the League of Nations officially terminated the British Mandate over Iraq, granting it full sovereignty and a seat among its members, as this treaty and the decision of the League of Nations represented an important turning point in the modern history of Iraq, as it ended the era of the British Mandate imposed after the First World War, announcing the beginning of a new phase of sovereignty. and Independence [14].

Although Iraq formally declared independence from the British Mandate in 1932, as Dodge notes, this date signifies only a nominal end to British influence. In fact, Britain maintained its influence in Iraq even after gaining independence, and continued to play an important role in the political and economic scene of the country, and this is confirmed by Dodge, pointing out that formal independence was only the beginning of a new phase of the relationship between the two countries, a stage characterized by the continuation of British influence, albeit less clearly. From the period of the mandate [15].

After Iraq's independence in 1932, the state faced a major challenge in its ability to build its political and economic entity, especially with regard to managing its oil wealth, and by 1934, oil exports had risen to 80,000 barrels, allowing the Iraqi state to direct oil revenues towards the development of vital sectors such as education, social welfare and agricultural production, with the goal of addressing the deficiencies inherited from the pre-independence era. However, the strong British influence over the country in the post-independence period contributed to the conviction of the Iraqi people that oil is the most important national resource, which was true given its importance to British interests, especially as Britain retained its dominant position in the Iraq Petroleum Company [16].

Although oil revenues have been used to finance many projects since Iraq's founding, the state has struggled to establish a free-market economy and support its stability. This is partly due to the political concerns associated with the market economy, where it was believed that it could unleash forces that threaten the traditional rights of the state to property [17].

Thus, there was concern that adopting a market economy could destabilize the existing political and economic status quo. As Copersi highlights, discussions about the nature and impact of oil policy, as well as market dynamics, have been intricately

connected to debates about the formation of political society and the territorial boundaries of the state. In other words, "economic rationality" was not the sole determinant in Iraq; rather, markets were significantly shaped by political dynamics and social balances [18].

Therefore, the political community of the Iraqi state formed a wide range of social components with different characteristics, as these residents were benefiting from the intricate social and political relationships among various societal groups, while maintaining their presence in Iraqi territory and adhering to their national identity. Regardless of the nature of national identity politics and their relationship to centers of power, the contradictory and unstable socio-political structure of the Iraqi state has been another point of tension and problematic narrative. Although increased oil revenues have brought enormous wealth to state administrators, they have also contributed to the consolidation of the independence of the Iraqi state. In other words, with the rise in oil sales, the Iraqi state turned into what is known as a "rentier state" [19].

The second topic: oil crises and their repercussions on Iraqi policy:

The first requirement: the first oil crisis and its repercussions on Iraqi policy:

October 1973 witnessed the outbreak of the first oil crisis, after a group of Arab oil-producing countries, namely Saudi Arabia, Kuwait, Libya, the United Arab Emirates (Abu Dhabi), Qatar, Algeria and Iraq, announced the reduction of their oil production by 5% per month. This decision came in response to the support of some Western countries for Israel, and aims to pressure Tel Aviv to withdraw from all Arab territories occupied in 1967 and restore the legal rights of the Palestinian people. In that period, OPEC faced difficulties in imposing the required price on oil companies, as the organization, in its early stages, did not have sufficient strength and means to achieve unity of purpose among its members and despite its limited capabilities, OPEC member countries took decisions to cooperate on multiple occasions, driven by a combination of factors [20].

In addition to economic drivers, Iraq had a strong political motivation in response to Israel's actions during the first oil crisis. This motivation sought to alter the course of the 1973 Yom Kippur War, during which Arab oil exporters, except for Iraq and Libya, further reduced their oil production by an additional 25 percent beyond an initial 5 percent cut. In response to the Yom Kippur War, Iraq not only adjusted its production levels but also imposed an embargo on the United States due to its support for Israel. During this period, while OPEC countries benefited from doubled oil prices, Iraq experienced relatively higher income levels thanks to increased production and the cuts imposed by Arab oil-exporting nations as part of the conflict. The nationalization of the Iraqi Petroleum Company played a crucial role in boosting Iraq's profits, contributing significantly to the higher income levels achieved at that time [21].

From the above, we can conclude that the first oil crisis had three notable outcomes: first, the increase in oil prices and its impact on the United States, Britain, and European countries; second, a shift in the dollar's position in global markets relative to changes in perceptions of the United States; and third, a range of positive and negative effects of rising oil prices and revenues on Iraq.

Prior to the 1973-1974 oil embargo, oil-importing countries benefited from low oil prices. However, the embargo precipitated a crisis in these countries due to a sharp increase in oil prices, which shifted the balance of power in favor of oil-exporting nations. In addition to the impacts of the oil embargo, the nationalization of foreign oil operations further weakened the positions of oil-importing countries, altering the favorable balance of oil prices to benefit the producing countries.

After the 1973-1974 oil embargo, the United States emerged as the leading power in the international system. However, the economic difficulties brought about by the oil crisis challenged perceptions of U.S. dominance in global politics. The 1973 oil embargo caused widespread panic in the United States and had a similarly devastating impact on Europe

due to the sharp rise in oil prices and the delivery bans imposed on the continent. The embargo significantly affected continental European countries, leading to economic strain, increased unemployment, and bankruptcies. The crisis highlighted Europe's reliance on oil and exposed the continent's vulnerability, particularly Britain, in dealing with the oil shock. The embargo also led to major changes in the status of the dollar. American oil companies, which had dominated the market since World War II, had been pricing global oil transactions in dollars since 1945. As oil prices surged, so did the demand for the US dollar for oil transactions. This shift in the importance of the crisis affected US and London banks and influenced how profits were invested in banks in both Britain and the United States [22].

Due to the close linkage between oil and the dollar following the oil crisis, developing countries were not only compelled to pay for their oil imports but also had to make these payments in US dollars. The strategy of recycling oil dollars led to intense competition among US banks and European markets to offer loans to developing countries, as this competition was crucial for American financial institutions and London's financial sector. Consequently, many countries found themselves pressured to acquire large amounts of US dollars to meet their needs. In contrast, after the 1974 oil crisis, European governments began negotiating significant deals with oil-exporting countries to secure long-term oil purchases in their national currencies. However, OPEC had already decided to accept only the US dollar for oil transactions, further solidifying the dollar's role as a global reserve and trading currency [23].

In summary, the first oil crisis played a crucial role in strengthening Iraq's economic and political position, as Iraq benefited from its vast oil reserves to enhance its capital and improve its financial conditions. The crisis also contributed to strengthening Iraq's role as a major player in the world oil market, giving it greater economic and political influence in the region. In doing so, Iraq benefited greatly from the first oil crisis, making a huge profit from oil exports, which gave it the opportunity to expand its political and economic independence. As a result of this development, Iraq became more able to make its decisions independently, without being subjected to external pressure, which strengthened its position in the region and increased its sovereignty over its internal affairs. The Iraqi Baath Party thus became the leading force in the Iraqi economic and political system, taking advantage of the oil crisis to consolidate its influence and expand its power. The party was also able to gain full control over vital areas such as employment, income distribution, and determining the country's development policies, which gave it a role. Crucial to shaping Iraq's future, although income from oil rents has been obtained through social, political, and legal privileges, this income is no longer based on productive efforts or added value in line with the standards of the modern economy. Rather, this income has become dependent on monopolizing oil resources and controlling the global energy market that still prevails [24].

After the oil crisis, the national development plan for Iraqi politics in the seventies was characterized by new characteristics, as it took advantage of large oil revenues to implement large-scale development projects, although some lack of economic awareness persisted in internal and external developments. As a result of these favorable conditions, the Government has taken bold steps towards a five-year development plan, starting in 1970, with the aim of achieving the economic and social development of the country. The main objective of the 1970 National Development Plan was to reduce dependence on oil as the main economic base and stimulate the growth of the agricultural and industrial sectors to promote the diversification of the Iraqi economy. As such, the plan has become focused on projects aimed at developing the country as a whole, rather than on specific political or regional projects, reflecting a holistic vision of achieving large-scale economic and social development [25].

Second Requirement:

The second oil crisis and its repercussions on Iraqi politics:

In July 1979, Saddam Hussein assumed the presidency of Iraq after the resignation of Ahmed Hassan al-Bakr, marking a major change in Iraqi leadership. In February of the same year, an Islamic revolution occurred in Iran, which led to the overthrow of the regime of Shah Mohammad Reza Pahlavi, and Ayatollah Ruhollah Khomeini took power in the country, establishing a new Islamic republic in Iran. All these major political changes in the region have contributed to the complexity of relations between Iraq and Iran and caused political and economic tensions in the region [26].

In 1979, after the Soviet Union invaded Afghanistan, the Soviet Union, the traditional enemy of the United States, was unable to realize its advantages in the region and the Muslim world. This change in the international balance gave the United States the opportunity to restore its ideological activity in the region, and therefore, the United States decided to withdraw its support for the Shah in Iran in 1979, which contributed to the overthrow of the Shah's regime and the assumption of power by Ayatollah Khomeini in the country. This change in U.S. policy has made contributions to major changes in the region, including deteriorating U.S.-Iran relations and regime change in Iran in 1979 caused the export of Iranian oil to be suspended, causing global oil prices to rise. As a result, Iraq's oil profits increased, contributing to the improvement of the country's economic situation. However, this new situation also created new challenges, as Iraq became more dependent on oil as the main economic base, which increased the sensitivity of the Iraqi economy to changes in global oil prices [27].

Hence, the second oil shock in 1979 had wide-ranging effects on Iraq, the countries of the Middle East and international politics, which left a negative impact on the region and the world. Thus, the outcomes of this second crisis can be viewed as an extension of the ongoing repercussions from the earlier oil crises of the seventies, indicating that it was a cumulative result of the challenges faced in the preceding years.

First, the role of the United States in determining global reactions to the second oil crisis played a large role in strengthening its leading position in international politics. After the increase in the price of oil by OPEC, global surplus capital was transferred to Third World countries, which later turned into national debt, contributing to short-term stability in these countries and providing artificial support to the global market. This significant role of the United States in directing capital flows and influencing economies on the other hand, the rise in OPEC oil prices has had positive effects on the United States, as it has strengthened its economic and political position in the world. The increase in oil prices reduced the competitiveness of European and Asian countries, giving the United States an additional economic and political advantage in the global market. This situation has also contributed to strengthening the position of the United States as a leading economic and political power in the world, and is considered one of the important consequences of the second oil crisis, and the second oil shock has had a significant impact on inflation rates, especially in the United States and the OECD countries. The increase in oil prices has led to high inflation rates in these countries, causing the real prices of goods and services to fall. This impact on real prices also had significant economic and social consequences, reducing the purchasing power of consumers and having a negative impact on consumption and investment in these countries [28].

Finally, although the second oil shock of the seventies had diverse effects on the global economy, it somewhat slowed the decline of U.S. economic dominance. Increased oil prices reduced the global economic slowdown and stimulated U.S. economic growth, contributing to maintaining U.S. economic supremacy in the world. This is one of the important consequences of the second oil shock, which has had a significant impact on the global economy and international politics.

In other words, the success of the United States and Britain in avoiding the dangers and challenges posed by the Iranian revolution gave them a sense of strength, resistance and endurance, which strengthened their confidence in their ability to influence global events and achieve their interests in the region. This success thus contributed to strengthening the position of the United States and Britain in the region and increasing their influence in international affairs [29].

Second, the accumulation of wealth resulting from high oil prices has had significant effects on the countries of the region, as this wealth has contributed to significant changes in the economy, politics, and society of these countries. The Arab Gulf states in particular benefited from this wealth, improving their economic and social conditions. However, this wealth has also caused new challenges, such as inflation and inequality in the distribution of wealth, which has affected the stability of these countries, in addition to the rentier state nature of countries, economic constraints play an important role in determining the security stance of oil-exporting governments. Gulf governments can leverage their oil profits to determine their military spending, increasing their spending on military purchases in times of high oil prices, and reducing spending in times of low oil prices. However, expenditures allocated to improving the country's living standards and well-being cannot be easily adjusted according to changes in oil revenues, which presents the governments of these countries with challenges in balancing military and social spending [30].

For this purpose, after the first and second oil crises led to significant changes in oil prices, the rise in oil prices caused a significant increase in demand for the US dollar. This growing demand for the dollar led to a "petrodollar recycling" process, in which money from oil exports was redirected to the United States or other countries that use the dollar as a medium for oil transactions, reinforcing the dollar's role as a global reserve currency [31].

In the chain of events, as politicians and economists sought to address the fiscal issues arising from the petrodollar, the United States sold weapons as a means of making a financial profit and relieving the pressures of recycling the petrodollar. The U.S. arms trade had two purposes: the first was to generate financial income for the United States and European countries by selling arms to Gulf states with significant oil wealth. The second is that these countries, which were part of OPEC, became involved in the arms race, this reduced its ability to influence global oil markets afterwards [32].

However, oil exacerbated Iraq's national development distortions, both before and after 1973. The enormous wealth that oil has brought since 1973 has accelerated economic growth, but in a regressive direction, centered on benefiting from oil wealth rather than diversifying the economy and developing other sectors. All this focus on oil has led to the unequal integration of Iraq and the Arab region into the global system, as the region has remained heavily dependent on oil wealth rather than developing its economy and improving its competitiveness in the global market [33].

The role of oil in the political scene of the State of Iraq.

The first requirement: The political situation of the State of Iraq at the beginning of the 21st century and the role of Iraqi oil on the international stage:

The economic and political situation of Iraq in the early twenty-first century, as well as the role of Iraqi oil on the international stage, can be traced back to the post-World War II era. During this time, the United States began to establish itself as a global power through the framework of the United Nations and NATO. The evolution of the U.S. stance towards Iraq and its oil interests became evident as it sought to enhance its influence in the region and secure its energy resources. By the end of the twentieth century, however, U.S. power began to wane, largely due to what has been termed "imperial expansion.", which led to changes in its attitude towards Iraq and oil in the international arena, and the point of contention between the dollar and the euro began to concern the role that each currency

would play in oil transactions. The dollar and the euro have been competing for official currency status in oil transactions, leading to tensions between the United States and Europe over the issue of the oil currency. This dispute between the dollar and the euro is one of the main reasons behind the changes in the U.S. attitude toward Iraq and oil on the international stage, in this context, as the United States assessed the meaning of a politically and economically united Europe, it began to realize that European integration and the new euro could pose a challenge to American economic dominance, particularly with regard to the role that the oil currency would play in the global market. This development caused concern in the United States, where it wanted to maintain its economic and political influence in the world and therefore began to take action to achieve this goal [34].

U.S. unilateralism is on the rise in order to address challenges to its economic and political influence in the world, particularly with regard to the role that the oil currency will play in the global market. The United States has sought to cement its position as the world's leading economic and political power, and has thus begun to implement policies and steps to strengthen its economic and political influence, including re-adjusting the role of the oil currency and ensuring its continued dominance of the global market [35].

At this juncture, the focus shifted to the conflict between the dollar and the euro over oil, reflecting past developments. The military power of the United States, combined with the dollar's status as the primary currency for international oil transactions, was a key source of U.S. strength. The United States used its military might to secure its oil interests, while the dollar played an important role in strengthening its economic influence in the world. This conflict between the dollar and the euro was seen as a challenge to American economic dominance, as the quarter threatened the dollar as a currency for international oil transactions, which could affect U.S. influence in the world [36].

Thus, President Saddam Hussein's statement in September 2000 about Iraq's intention to convert oil export transactions to the euro was considered a major challenge to the United States, as this shift would have significantly affected U.S. oil import and export activities. In addition, this shift would have made it difficult to cover the costs of U.S. military procurement, and This would have complicated the ability to cover account deficits and offset losses from tax cuts, weakening both the economic and political power of the United States with significant repercussions. Conversely, a country whose national currency holds reserve currency status enjoys a notable advantage in mitigating currency risk associated with oil prices. This status allows the country to substantially reduce its exposure to currency risk, facilitating the cost of importing oil. Consequently, the absence of currency risk has helped lower the oil tax rates borne by American society and industry for an extended period, which has contributed to reducing costs and improving the situation While the United States became concerned about Saddam Hussein's speech, Saddam took further action to implement his speech, opening a bank account based in the euro in France, BNP Paribas. The move was aimed at converting Iraqi oil transactions into euros, which would have led to a shift towards the euro as a global reserve currency. In the aftermath, the UN's "oil-for-food" program, through which oil transactions were conducted, began to flow through Iraqi deposits at BNP Paribas bank. This development posed a significant challenge for the United States, as it could have led to a decline in the dollar's role as the global reserve currency. Here, the distinctive characteristics and hallmarks of Iraqi politics come into focus, aiding in a better understanding of Iraq's position and appeal to actors in the international system at the dawn of the twenty-first century. These characteristics include Iraq's shift to the euro as a reserve currency, the shift of Iraqi oil transactions to the euro, and the strengthening of the euro's role as a global currency. These developments threatened and challenged the influence of the United States, highlighting that Iraq possessed unique characteristics and appeal in the eyes of international actors [37].

According to findings from the Center for Global Energy Studies (CGES) and Petrology & Associates, Iraq's currently known recoverable reserves may represent only a small fraction of its actual reserves, with discoverable reserves estimated at around two hundred billion barrels. This places Iraq's oil reserves on par with those of Saudi Arabia, underscoring Iraq's vast potential in the global oil market. Such developments enhance Iraq's significance in the eyes of international actors and could impact the balance of power in the region.

Although Iraq's oil revenues losses from 1990 to 1997 exceeded \$130 billion due to the embargo, and the "oil-for-food program," this did not stop Iraq from considering improving its economic and political position through the conversion of oil transactions to euros. This decision was aimed at improving Iraq's oil revenues, increasing its economic independence, and avoiding the negative impact of the economic embargo.

In its 1998 forecast, the International Energy Agency projected that global oil demand would reach 94.8 million barrels per day by 2010. Chalabi notes that adding new capabilities to the oil resources without Iraq, given its vast reserves and the insights from the World Resources Organization, would be challenging. This underscores Iraq's critical role in meeting future global oil demand and enhances its significance in the global oil market. At the beginning of the twenty-first century, Iraq had both strengths and weaknesses. To counter the effects of the sanctions regime, Saddam Hussein began moderating his nationalist stance and initiated "production sharing agreements" (PSAs) with the private sector for oil sector operations. These agreements aimed to make Iraq's oil sector more attractive to foreign investment, improve efficiency, and boost production. Additionally, Saddam Hussein introduced buyback agreements, designed for a limited duration, to help offset investment costs, further enhancing Iraq's appeal to investors. These agreements were aimed at inducing foreign companies to invest in Iraq's oil sector, by ensuring that they were compensated for their investment expenses in a specified period of time. This measure was aimed at to attract foreign investment to Iraq, improve the efficiency of the oil sector, and increase production [38].

Although the Iraqi state-initiated projects and policies to address the challenges it faced, the political system remained undemocratic and retained many inherent weaknesses. As Dawisha points out, the institutional structure and intellectual environment of the Baathist/Saddamist regime were fundamentally opposed to democratic principles. When the regime spoke of freedom, it generally referred not to individual liberties but to the country's independence from external control. This indicates that the Iraqi regime focused on maintaining power and controlling the populace rather than advancing individual freedoms and democracy. In this context, elections were first held in Iraq in June 1980, and the results reflected the prevailing power dynamics, with three out of four elected members affiliated with the Baath Party. This means that the Baath Party controlled the vast majority of seats in the Iraqi parliament, demonstrating the political influence of the Baath Party in Iraq at the time.

The subsequent election in 1995 was similar to the previous one, characterized by Saddam Hussein's re-election to the presidency with an overwhelming 99.6% of the vote. This result underscored the inability of opposition groups to unite effectively and form strong alliances, giving Saddam Hussein a chance to win easily. This means that the Baathist regime still retained its power and influence in Iraq, and was able to maintain control of power [39].

Thus, while elections are often seen as a hallmark of democracy, the elections in Iraq did not reflect democratic principles. However, despite the country's vulnerabilities, Iraq stands out as one of the few oil-exporting nations that has placed a high priority on education. This means that Iraq has given great importance to education, seeking to improve the country's education standards. This effort was aimed at differentiating Iraq from other Arab countries and positioning it in a strong position in the region.

On the threshold of the twenty-first century, considering the vulnerabilities of the United States and the prominent positions of European countries, combined with Iraq's central geographical location, its population, economic potential in agriculture and industry, level of education, and vast oil reserves, Iraq emerged as the leading candidate for regional leadership in the Middle East. These factors collectively positioned Iraq as one of the strongest countries in the region and a formidable contender for regional leadership.

Second Requirement:

The political and economic landscape of Iraq following the 2003 events, and the role of oil in its subsequent reconstruction.

The U.S. perception of Iraq following the 2003 invasion bears striking similarities to Britain's perception of Iraqi society during the British Mandate period and in the early years of independence. The United States appears to have adopted a British-like approach to understanding and analyzing Iraqi society and its impact on its policies toward Iraq. This suggests that the United States has adopted similarities in its thinking with Britain regarding Iraq, which could lead to similar results in dealing with Iraq.

In other words, as noted by scholars, the establishment of the modern Iraqi state exhibited parallels with post-2003 Iraq, characterized by a blend of military dominance, commercial interests, and a disdain for what was perceived as corrupt Eastern despotism. This means that the United States adopted a British-like approach to the establishment of the modern Iraqi state, combining military, commercial, and political elements, with no respect for Eastern authoritarian regimes. This similarity in approach confirms that the United States has learned from the experiences of Britain in Iraq, but has not applied lessons from it.

These core issues were the main drivers that mobilized the ruling factions during the period after 2003, as these factions sought to achieve their goals and promote their interests based on these issues.

In the aftermath of the invasion, the oil sector emerged as the central driver of Iraq's economy and state policy, yet it was in a deplorable state. Several factors contributed to the deterioration of Iraq's oil infrastructure. Notably, Saddam Hussein's refusal to permit foreign investment in the sector impeded the exploration and development of new oil fields. After the imposition of sanctions, although two billion dollars of oil were sold every six months in accordance with the initial provisions set by the United Nations, then However, oil revenues were not used to restore oil facilities, discover new fields, or develop the necessary technological infrastructure, as a result of Saddam's regime's policies.

Given the damage Saddam's policies have done to oil infrastructure, the Persian Gulf oil refinery was attacked during the Gulf War, whose activities are believed to have been linked to smuggling operations. According to Beneš and Halliday, deliberately targeting an economic facility is a violation of international law. More importantly, these interventions contributed to delaying, if not preventing, Iraq's post-war recovery.

Under these challenging circumstances, the invasion of Iraq commenced on March 20, 2003, under the operation known as Operation Iraqi Freedom.

Following the invasion of Iraq, a broad array of issues was addressed, including the potential benefits of foreign investment, the future of state-owned enterprises, and the status of the agricultural sector. According to Article 64 of the 1949 Geneva Convention, the Coalition Provisional Authority, as the occupying power, was tasked with implementing necessary changes "to maintain the orderly governance of the territory." On July 13, 2003, the Iraqi Governing Council was established. While the Council was responsible for determining major political issues, final decisions were closely overseen and influenced by senior advisers to the Coalition.

Economic reform was the central focus of the Coalition Provisional Authority's program. As Paul Bremer emphasized, "The first task of any government is to maintain law and order, and the third and most urgent priority is to rebuild the economy."

In the early days following the invasion, the Coalition Provisional Authority drew on the experiences of Eastern Europe and Central Asia to address the challenges and difficulties encountered during the transitional phase of the Iraqi economy.

In addition to implementing essential reconstruction measures to restore and develop the country's deteriorating infrastructure, the Iraqi Oil Recovery Organization was established.

Despite the efforts of the Iraqi Oil Recovery Organization (RIO), oil production fell to zero following the 2003 invasion, and exports remained suspended until June 2003. Prior to the invasion, oil production had reached 2.5 million barrels per day.

To rebuild the economy, the oil sector continued to be the focal point of targeted policies and the primary source of funding for reconstruction efforts. As a result, the prevailing conditions at the time imposed a heavy burden on the oil sector, making it bear a heavy responsibility in financing and promoting reconstruction efforts.

3. Results and Discussion

By answering the questions of the study and achieving its objectives through the previous three investigations, the following results were reached:

Although Iraq has the second largest oil reserves in the world after Saudi Arabia, Canada and Iran, it has not yet succeeded in transforming this wealth into economic and political prosperity that enhances its position among the countries of the world. After the events of September 11, these events were considered a "turning point" in the 2003 attempted invasion of Iraq, and they also marked a turning point for Iraq, its region, and even the entire world. The United States justified its claims on Iraq based on Saddam Hussein's record of dealing with the people Iraq and its mismanagement of domestic and foreign policies, whether political or economic.

On the oil issue, having the ability to manage oil in Iraq is tantamount to having the ability to manage in all industrialized countries, giving these claims particular significance. To understand the importance of Iraq's oil potential before the invasion, it should be noted that the United States linked energy security to its national security. However, the invasion of Iraq damaged the image of the United States and its European allies, compelling them to rebuild their reputations by diversifying energy sources and fostering cooperation in this sector.

In terms of OPEC, the post-2003 period has been transformative, with the oil market experiencing severe crises, such as the price crisis in 1998 that was the result of fluctuations in demand rather than supply, especially due to the growing need for oil in Asia. A decade into 2011, oil proved crucial in Iraq despite radical changes in the political system, whether during the Mandate years (1920-1932), independence (1932-1958), or the republican administration since 1958.

Although the concept of the "rentier state" is employed to understand the nature of the Iraqi state and its persistent challenges, this study contends that Iraq's success or failure is primarily tied to the role of oil in its relations with major powers. However, this does not diminish the significance of oil in state-society relations and in Iraq's interactions with regional states. Indeed, the political and economic impact of oil is evident across various facets of Iraq's internal and external affairs.

In the social sphere, despite the significance of collective traditions and norms in Iraq, oil has played a central role in conflicts and social arrangements since the state's inception. The borders of the modern Iraqi state were established at the San Remo Conference in 1920, with British and French representatives pushing for the inclusion of

Baghdad, Basra, and Mosul due to their strategic oil interests, which became apparent after World War I.

In the political sphere, the lack of democracy and the challenges in establishing a more democratic system in Iraq can only be fully understood through the lens of economic factors, particularly the role of oil. Economic priorities were superior to political, as the survival of the state and power depended on the oil economy, leaving Iraq vulnerable to market fluctuations and unstable oil prices.

This study affirmed that grasping the interplay between politics and economics, particularly the dominant role of the economy in Iraqi politics, necessitates considering the influences of regional states and major powers and Iraq's interactions with them. It also highlighted the central role of oil in shaping Iraqi politics and its significant impact on the affairs of regional states.

The study observed that some of Iraq's neighbors face similar vulnerabilities, being susceptible to fluctuations in oil prices and demand. Conversely, heavy dependence on oil has enhanced connectivity among regional countries, particularly in the areas of pipelines and transportation. Additionally, Iraq's conflicts with Kuwait and Iran are closely related to the significant role of oil in the region.

Regarding Iraq's relations with the great powers, German, French, and British interests have persisted over time, but the involvement of the United States has had significant and often harsh repercussions for Iraq, especially from the aftermath of World War II to the present day. Despite Iraq's formal independence in 1932, Britain continued to maintain a presence in the country after the end of the British Mandate. In contrast, the United States faced considerable challenges in integrating into decision-making processes concerning Iraq and the broader region.

As the United States emerged as the dominant power in the unipolar world order, Iraq lost its role as a counterbalance in international politics, compelling it to seek new strategies to address its political and economic challenges. Consequently, the Iraqi state adopted more aggressive methods to achieve political and economic gains, which provoked a stronger response from the international community. In retaliation, the United Nations imposed the "oil-for-food" program as a punitive measure against Iraq.

The study highlighted that Iraq's economy was highly susceptible to market risks and fluctuations in oil prices. The potential for economic collapse loomed if there were significant interruptions in oil supply or sharp increases in oil prices. In this context, external intervention in Iraq became a necessity to ensure the continuous flow of oil at stable and reasonable prices.

The 2003 invasion of Iraq and the subsequent years until 2011 reaffirmed the persistence of historical patterns in Iraq. While various political motivations influenced the invasion, the control of Iraqi oil and the management of petrodollar values were significant factors driving the U.S. intervention.

All post-invasion reconstruction policies and projects were heavily dependent on the oil sector. Analysis of the post-2003 period reveals that, despite shifts in the international system, Iraq continues to rely predominantly on the oil sector for its revenue. While some might view Iraq's dependence on oil as a factor in its economic struggles, the establishment of new institutions, regulation of foreign investment under specific guidelines, and the introduction of a tax mechanism could potentially transform oil into a solution for Iraq's economic crises.

4. Conclusion

The study argues that the Iraqi state cannot retreat from its economic role but must instead adopt economic policies that acknowledge the centrality of oil as a political and strategic asset. The oil economy necessitates a balance between state control and the

involvement of non-state actors and multinational companies, highlighting the intricate relationship between politics and economics in Iraq.

While economic discussions often intertwine with political rhetoric, Iraq must demonstrate that its call for democracy extends beyond mere slogans. If the Iraqi state can address its persistent political issues and meet the needs of northern Iraq, effectively resolving ethnic and sectarian conflicts, it will be better positioned to focus on economic reform.

However, the U.S. presence in Iraq after 2003 further complicated the reconciliation process, even after the transfer of power to the Iraqi government in November 2003. Drawing a historical parallel to Iraq's post-independence years following 1932, it is clear that the Iraqi people remain wary of external interference in their political affairs. To resolve its political conflicts, Iraq must navigate not only the democratization process but also the enduring influence of the U.S. presence.

In conclusion, after this analytical presentation, the researcher can conclude that oil issues must be brought back to the fore again, as they bear a dual nature, political and economic. As historical evidence shows, the focus on Operation Iraqi Liberation in 2003 as being oil-driven is not wrong. Therefore, examining the history of Iraqi oil policy in relation to major powers and other international actors is crucial for fully understanding this context.

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