

Leo W. Gerard
International President

July 31, 2007

VIA FAX

Honorable Carl Levin, Chairman
Honorable John McCain, Ranking Member
Committee on Armed Services
United States Senate
Washington, D.C. 20510

Honorable Edward M. Kennedy, Chairman
Honorable Michael B. Enzi, Ranking Member
Comm. on Health, Education, Labor & Pensions
United States Senate
Washington, D.C. 20510

Honorable Joe Biden, Jr., Chairman
Honorable Richard Lugar, Ranking Member
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510

Honorable Daniel K. Inouye, Chairman
Honorable Ted Stevens, Ranking Member
Senate Committee on Appropriations
Subcommittee on Defense
United States Senate
Washington, D.C. 20510

Honorable Patrick J. Leahy, Chairman
Honorable Judd Gregg, Ranking Member
Senate Committee on Appropriations
Subcommittee on State, Foreign Operations,
and Related Programs
United States Senate
Washington, D.C. 20510

Dear Senators:

I am writing to alert you to two important issues connected with the ongoing occupation and war in Iraq. Though not widely discussed in the U.S., these issues are central to the challenges faced by the Iraqi people. They concern the viability of the Iraqi labor movement and the fate of Iraq's oil.

One of the few benign effects of deposing Saddam Hussein has been the emergence, despite opposition from both the U.S. authority and many parts of the Iraqi government, of a vibrant and growing labor movement. This is crucially important, because to all appearances the labor movement is one of the few organizations structured on a secular basis, has genuine popular support, and has membership across the growing ethnic and sectarian divisions.

This suggests that the labor movement in Iraq is one of the few organizations capable of playing a significant role in lessening and hopefully ending the sectarian strife plaguing their country. We strongly believe the views of this labor movement should be heard much more clearly in Washington than they have been to date.

Enclosed, you will find two articles by free-lance journalist David Bacon, describing recent labor issues in Iraq, as well as an interview he conducted with the heads of the electrical workers union and the oil workers union.

A number of issues need to be emphasized. First, these leaders believe strongly that sectarian strife will ease, and that unions will be able to act with substantially more freedom when the U.S. military presence has ended.

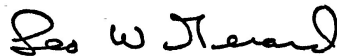
Second, the unions believe equally strongly that Iraq's oil is a national resource that should not be privatized, and specifically that oil privatization should not be used as any kind of "benchmark" of the Iraqi government's success or failure. They state, and we agree, that the oil privatization law now under consideration by Iraq's government is designed to benefit the multinational oil companies; not the Iraqi people.

Additionally, we believe several policies imposed by the U.S. occupation administration under its former head Paul Bremer and by subsequent Iraqi governments should be rescinded. These include the continuation in force of a Saddam Hussein-era law banning collective bargaining in Iraq's public sector, an onerously low general wage schedule, and the complete sequestration of union funds by the government.

Therefore we ask that you do all you can to oppose the privatization of Iraq's oil resources, correct the inequities present in Iraqi labor policy, and continue to support an end to the U.S. military presence in Iraq

Thank you very much for your consideration of these vitally important matters.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive style with a large initial "L" and "G".

Leo W. Gerard
International President

LWG/ctl

c: House and Senate Leadership
USW International Executive Board

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Iraqi Oil: A Benchmark or a Giveaway?

Why Iraqi oil workers oppose the much-vaunted oil law.

By David Bacon

The American Prospect online, July 6, 2007

A strike by Iraqi oil workers in early June threw into question the conditions that some in the U.S. Congress would place on ending the U.S. occupation of Iraq. At the same time, Iraqi nationalists have grown more vocal in their accusations that the occupation itself has an economic agenda, centered on seizing control of the country's oil.

Across the political spectrum in Washington, many now demand that the Maliki government meet certain benchmarks, which presumably would show that it's really in charge in Iraq. But there's a particular problem with the most important benchmark that the Iraqi government is being pressured to meet: the oil law. The problem is, in Iraq, it may be the single most unpopular measure the United States is trying to get the government to enact.

In the United States, this law is generally presented as a means to share the oil wealth among different geographic regions of the country. Many Iraqis, however, see it differently. They look the proposed law and see instead the way it welcomes foreign oil companies into the oil fields. They see the control it would give those oil companies over setting royalties, deciding on production levels, and even determining whether Iraqis get to work in their own industry.

In early June, the Iraqi Federation of Oil Unions (IFOU) shut down the pipelines from the Rumeila fields near Basra, in the south, to the Baghdad refinery and the rest of the country. It was a limited strike to underline its call for keeping oil in public hands, and to force the government to live up to its economic promises.

Iraqi Prime Minister Nouri al-Maliki responded by calling units of the 10th Division of the Iraqi army and surrounding the strikers at Sheiba, near Basra, on June 5 and 6. According to reports in the Basra news media, U.S. aircraft flew over the strikers as well. The Prospect has asked the Combined Press Information Center in Baghdad to confirm or deny these overflights; as yet, it has not done so.

Maliki also issued arrest warrants for the union's leaders. On June 6, the union postponed the strike until June 11. Facing the possibility that a renewed strike could escalate into shutdowns on the rigs themselves – or even the cutoff of oil exports, which would shut down the one of the few income streams that the national government can claim – Maliki blinked. He agreed to the union's principal demand: Maliki said he would hold implementation of the oil law in abeyance until October, while the union gets a chance to pose objections and propose alternatives.

This will undoubtedly get Maliki in trouble in Washington, where his government will be accused of weakness, incompetence, and a failure to move on the oil law benchmark. In Iraq, however, Maliki faces a fact that U.S. policymakers refuse to recognize: The oil industry is a symbol of Iraqi sovereignty and nationalism. Handing control to foreign companies is an extremely unpopular idea.

The oil workers union has now emerged as one of the strongest voices of Iraqi nationalism, protecting an important symbol of Iraq's national identity, and, more importantly, the only source of income capable of financing the country's post-occupation reconstruction. U.S. legislators trying to impose the oil law might take note that they are requiring the Maliki government to betray one of the few reasons Iraqis have for supporting it - its ability to keep the oil revenue in public hands.

Some of the oil workers' other demands reflect the desperate situation of workers under the occupation. They want their employer, the government's oil ministry, to pay for wage increases and promised vacations, and give permanent status to thousands of temporary employees. In a country where housing has been destroyed on a massive scale, and workers often live in dilapidated and primitive conditions, the union wants the government to turn over land for building homes.

Fighting for these demands makes the union even more popular, and further enhances its nationalist credentials. Many Iraqis see it defending the interests of the millions of workers who have to make a living and keep their families eating in the middle of a war zone. Conversely, the United States, which imposed a series of low-wage laws at the beginning of the occupation, looks bent on enforcing poverty.

But the demand that overshadows even these basic economic questions is the renegotiation of the oil law. Iraq has a long labor history. Union activists, banned and jailed under the British and its puppet monarchy, organized a labor movement that was the admiration of the Arab world when Iraq became independent after the revolution in 1958. After Saddam Hussein came to power, though, he drove its leaders underground, killing and jailing the ones he could catch.

When Saddam fell, Iraqi unionists came out of prison, up from underground, and back from exile, determined to rebuild the labor movement. Miraculously, in the midst of war and bombings, they did. The oil workers union in the south is now one of the largest organizations in Iraq, with thousands of members on the rigs, pipelines, and refineries. The electrical workers' union is the first national labor organization headed by a woman, Hashmeya Muhsin Hussein.

Together with other unions in railroads, hotels, ports, schools, and factories, they've gone on strike, held elections, won wage increases, and made democracy a living reality. Yet the Bush administration, and the Baghdad government it controls, has outlawed collective bargaining, impounded union funds, and turned its back on a wave of assassinations of Iraqi union leaders.

Iraq's oil industry was nationalized in the 1960s, like that of every other country in the Middle East. The Iraqi oil union became, and remains, the industry's most zealous guardian. Halliburton came into Iraq in the wake of the troops in 2003, and the company tried to seize control of the wells and rigs, withholding reconstruction aid to force workers to submit. The oil union struck for three days that August 2003, stopping exports and cutting off government revenue. Halliburton closed down its activities in the oil region.

The oil and port unions then compelled foreign corporations to give up their own agreements with the U.S. occupation in Iraq's deepwater shipping facilities. Muhsin's electrical union is still battling to stop subcontracting in the power stations, a prelude to corporate takeover of a public resource.

The unions have become the biggest obstacle to the privatization of Iraq's oil. They have also become the only force in Iraq trying to maintain at least a survival living standard for the millions of Iraqis in the middle of the war.

The occupation has always had an economic agenda, which includes the wholesale privatization of the Iraqi economy. Occupation viceroy L. Paul Bremer published lists in Baghdad newspapers of the public enterprises he intended to auction off. As Arab labor leader Hacene Djemam bitterly observed, "War makes privatization easy: First you destroy society; then you let the corporations rebuild it."

Under Washington's guidance, the Iraqi government wrote the proposed new oil law in secret, deliberations from which the union was banned. Iraqi unions say the new law will ensure that foreign corporations control future exploration and development in one of the world's largest oil reserves through agreements called "production-sharing" contracts, which favor multinational oil corporations. Such contracts have been rejected by most oil-producing countries, including those of the Middle East. The unions have vowed to strike if the law is implemented.

Hassan Juma'a Awad, president of the IFOU, wrote a letter to the U.S. Congress on May 13. "Everyone knows the oil law doesn't serve the Iraqi people," he warned. The proposed new statute "serves Bush, his supporters and foreign companies at the expense of the Iraqi people... The USA claimed that it came here as a liberator, not to control our resources."

At the occupation's end, the government in Baghdad will need control of the oil wealth to rebuild a devastated country. That gives Iraqis a big reason to fight to protect public ownership and control of the oil industry.

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Iraqi Union Leaders Call for an End to the Occupation

By David Bacon

TAP talks to Faleh Abood Umara, general secretary of the Iraqi Federation of Oil Unions, and Hashmeya Muhsin Hussein, president of the Electrical Workers Union of Iraq.

The American Prospect online, July 6, 2007

David Bacon: Recently the oil workers union went on strike for two days. What was the strike about?

Faleh Abood Umara: We have many problems in the oil industry. Some time ago we met with the Prime Minister of Iraq, discussed them, and reached an agreement. We asked the minister of oil to implement that agreement, and he refused. He was supposed to organize a special congress with oil workers in the south, to provide land for building workers' homes, to raise our pay, to implement profit sharing, and to suspend the implementation of the new oil law. Our discussions with the oil minister didn't change the situation, so we announced we would go on strike.

Bacon: What objection does the union have to the proposed oil law?

Umara: The new law will give the control of all oil royalties and production to foreign oil companies. It will allow them to do whatever they want in our oil fields, and we won't have the ability to intervene, or even to observe. The oil law doesn't envision the existence of our oil union, nor will it include us as a member of the so-called Oil Congress. The most dangerous part of the law is the production-sharing agreement. We reject this kind of agreement absolutely. The law will rob Iraq of its main resource – its oil. It will undermine the sovereignty of Iraq and our people.

Bacon: What would be the impact of the oil law on the ability of Iraq to rebuild after the war and occupation?

Umara: If the law is ratified, there will be no reconstruction. The U.S. will keep its hegemony over Iraq.

Bacon: Hashmeya, when I saw you in Basra in 2005, your union was fighting the management of the electric power stations over working conditions and subcontracting of the work of your members. What is their situation today?

Hashmeya Muhsin Hussein: Iraqi power stations and other facilities suffered a lot of damage during the war, going back to the time of Saddam Hussein. He didn't give contracts to foreign corporations, and depended on the indigenous resources in the country. After the collapse of the Saddam Hussein regime, we saw something new. Even the simplest job was given to a contractor.

As a result, the buildings of the electrical authority were filled with unemployed workers. We protested against this, and for a time, our industry's management would not accept the workers' demands. We demonstrated in front of the Basra mayor's office and submitted our demands to the governor. Of our seven demands, the two most important were first, stopping unnecessary contracting, and second, stopping the corruption throughout the management. Finally, we agreed with the managers that contracts would only be given out for jobs that were beyond the ability of Iraqi workers.

Bacon: What do the members of your union earn?

Muhsin: At the beginning of the occupation, the administration of L. Paul Bremer decreed wage grades for workers that were very oppressive. His system had 11 grades. The eleventh grade starts at \$50 a month, and the first grade maxes out at \$1,300 a month. You can see the disparity. No one can survive on \$50 a month, while a tiny group receives much more. The maximum that a laborer in our industry can earn is grade 5 – about \$250, or hardly enough to survive. We have demanded that the ministry change this law, but even if they do, compensation will still be very low.

Bacon: Faleh, the oil union challenged the Bremer pay grades in 2004. What do oil workers make now?

Umara: The grades imposed by Bremer applied to workers all over Iraq. We objected to them at that time, and threatened to strike. After we met with the first Oil Minister, we were able to adjust the schedule. Compensation in oil is now completely different from that in other fields. We have eliminated the eleventh and tenth grades, for instance. There's a small improvement, but the prices in the market are going up all the time.

Bacon: I've visited the homes of oil workers, and many people still sleep in the same room, and while families have enough to eat, they live in very basic conditions.

Umara: Conditions are very tough. An oil worker in the fourth grade gets about 600,000 dinars, or about \$400 a month. A small refrigerator for your house costs \$200. That's half your salary. Could you survive on \$200 for a month? The working conditions are also very difficult. But to be fair, it's better than it was during the time of Saddam Hussein. In the oil and electricity industries we asked for a special bonus of 30 percent, and managed to get it because of the strength of our two unions. God willing, we are going to continue improving the wages.

Bacon: Hashmeya, how was your union organized and how were you chosen to head it?

Muhsin: After the collapse of the Saddam Hussein regime, in September 2003, we organized labor committees in many workplaces. I was elected head of the committee where I work. Then, at the first conference for all workers in our industry, in May, 2004, I was elected head of the union. All our union's officers are volunteers. We have a democratic process with internal bylaws, and all the different kinds of work in the industry have to be represented. We have a convention every two years, and at our second convention in June, 2006, I was reelected unanimously. But because of the government decree which seized all union funds in Iraq, we have no money or any way to collect dues. The activists in all our unions, even in the electricity and oil industries, contribute as much as we can from our own wages, and that's what we use for all our union's activities.

Bacon: What is the attitude of the men in the union towards you as a woman?

Muhsin: At the beginning there was some difficulty, but now it's much easier. The workers elected me. They come to me with their problems, and we do our best to solve them. We have five sub-unions in our industry, and many women have union membership cards. We put their pictures on our posters to show them off.

Bacon: When I was in Baghdad in October, 2003, Bremer and the Coalition Provisional Authority published lists of state-owned enterprises that they intended to sell to private owners. Were there electrical enterprises on those lists? Are there plans to privatize electric power generation?

Muhsin: The power situation in Iraq is deteriorating very fast. We cannot get spare parts to replace ones that break or wear out. The terrorists sabotage the transmission lines and generating stations. Management corruption is very widespread. There has been no improvement in this situation at all, and people suffer from constant blackouts. In the labor movement, we think this situation has been deliberately created so that people will conclude that something must be done, and that the only alternative is the privatization of electric power generation.

On May 23 of this year we protested this situation. We asked the Electricity Ministry to improve the transmission system. We threatened to strike the transmission lines and substations, and cut power to the oil pumping stations. This would just have been a first step. When the electricity minister understood what we were planning, he agreed to discussions and we postponed the strike. But three days ago my union told me that they were again starting plans for a strike because those discussions were going nowhere. The government announced a crash program to improve the transmission lines and the entire system, but the money for it disappeared. Our objective is to force immediate improvements in the system, and we've given the minister plans and alternatives showing how this can be done. We are the experts in our own industry.

Bacon: Last month, the president of the oil union wrote to the U.S. Congress saying it wanted the occupation to end, and the troops to leave, but that it didn't want the oil law imposed as a condition for this. How does the oil union propose that the occupation should end?

Umara: All the problems in Iraq come from the occupation. Our oil union and all the other unions in Iraq believe we can't rebuild our country so long as the occupation is going on. The occupation fosters the enormous corruption. We ask people in the U.S. to tell their government to leave as soon as possible. The troops should be evacuated, without making the implementation of the oil law a condition.

The U.S. administration wants to control our oil resources of our country, so our letter to the U.S. Congress asked your leaders to stop making proposals that violate the will of the vast majority of our people. We have plenty of oil experts in Iraq, who are perfectly capable of managing the oil industry. The Southern Oil Company, where our union is based, is the only enterprise in Iraq currently producing oil. We're exporting 2,250,000 barrels a day, all managed by Iraqi experts, and produced by Iraqi hands.

Bacon: Many people say that if the troops leave, there is no civil society capable of governing the country. Do you agree with this?

Umara: There are many cities in Iraq controlled by the Iraqi administration. These cities are quite secure, while the cities controlled by the occupation troops see continuous killing and carnage. As long as we have an occupation, we'll have more sabotage and killing.

But when people from the local tribes control the security, they have expelled the al-Qaeda forces and those others who are terrorizing people. This means we can protect ourselves and bring security to our nation, with no need of the U.S. forces. To those who believe that if the U.S. troops leave there will be chaos, I say, let them go, and if we fight each other afterwards, let us do that. We are being killed by the thousands already. If the occupation continues, there will only be more blood shed by the U.S. forces and the Iraqi people.

Bacon: Hashmeya, your union belongs to another union federation. What does your federation think should happen with the occupation?

Muhsin: The electrical workers union belongs to the General Union of Iraqi Workers, and we want the occupation to end as soon as possible. All Iraqi unions want this.

After the collapse of the regime all the borders were open. Many people, intruders, came to Iraq. Many were al-Qaeda and others, who brought weapons and explosives. There was no inspection at the border at all. As an occupied nation under UN Resolution 1483, the United States was obligated to protect and guarantee our security. But the very first thing [they] did was throw the borders open. Given this experience, we're not expecting to have much security in Iraq so long as the United States is there.

Some towns are secure, but wherever you see the U.S. forces, you see a lot of terror and sabotage. We want the United States to leave. Of course, it takes time and it's not an easy operation. The logistics are tough. But our first and last demand is that the occupation end as soon as possible.

Bacon: The Bush administration says it envisions the presence of an occupation force for many years, comparing the situation to the presence of U.S. troops in South Korea. What do you think of that possibility?

Muhsin: If it was up to Bush, he'd occupy the world. But that's not what the nations of the world want. Would they accept occupation, as we have had to do? Our nation does not want to be occupied, and we'll do our best to end it.