

UNPUBLISHED:

Letter to the WSJ
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Dear Editor,

If readers are interested in learning about a significant, yet underreported, source of instability in Iraq, a great place to start is your front-page coverage of the country's black market in oil (U.S., Iraq Launch Campaign to Cut Oil Smuggling, March 15th).

While sectarian divisions in Iraq are often blamed as the sole source of turmoil, problems caused by economic ignorance cannot be overlooked. As explained in the article, subsidies and strict price controls have caused massive shortages of oil in Iraq. Predictably, in an environment where people are waiting for days in line to buy a few gallons of gasoline, some individuals have taken it upon themselves to supply this unfulfilled demand. It should come as no surprise that some of the first to break the law have been insurgents looking to fund their cause.

Instead of advising Iraqis to simply end the price controls that are creating the shortages, thereby eliminating the high profits of the black market, the US is inserting itself into the battle against all who would sell oil above the government mandated price. But with so much money to be made, if one smuggler is arrested, there is no doubt another will be there to take his place.

If this storyline sounds vaguely familiar, it should. There is a clear parallel between prohibition of the 1920s and the current war on drugs. When the government makes alcohol or narcotics unavailable by outright bans, unsavory characters such as the mob and drug cartels profit by stepping in to fill the supply vacuum, corruption skyrockets, and law enforcement gets tied down in a never ending fight.

But what strikes me as particularly sad is that in war torn Iraq it appears it is not just insurgents who are defying the government; it is also ordinary Iraqis trying to put bread on the table. Witness the smugglers described in the article who were arrested and jailed: men who freely admitted they bought oil several times week to sell to small businesses and factories. Since we keep hearing that a major recruiting tool for terrorists is the fact that young men can't find work, isn't it a bit ironic that the US is now cutting off the fuel to businesses that are creating what limited employment opportunities exist?

Simply following the advice of any Econ 101 textbook would end this significant source of corruption and the US Army could focus on more pressing matters.

Peter Mork