

# ***IRAQI OIL TO THE PEOPLE***

*(Center for Economic and Social Justice, updated February 19, 2008)*

The Iraqi "Oil to the People" Proposal is now circulating in Iraqi circles. It is part of a [new model for building a just free market, shareholder society](#) in Iraq and ultimately part of a global solution to the growing disparities of wealth throughout the world.

Transfer Free Oil Shares to Every Citizen of Iraq.

Denationalize the oil fields of Iraq, as a catalyst for building a new "Just Third Way" economy. Transfer the ownership and control of all oil reserves and natural resources within the borders of Iraq from the Iraqi National Oil Company to a newly formed, professionally managed, limited liability joint stock corporation. Each Iraqi man, woman and child would automatically receive free, as a right of citizenship from birth to death, a single non-transferable share in the new corporation. All citizens would be guaranteed first-class shareholder rights to the profits and voting control over the board of directors and management of the new company. All profits except for operating reserves would be paid out fully and periodically as dividends to each shareholder.

To meet all costs and services of government at the national, provincial and local levels, taxes on such dividend incomes would be withheld by the corporation before distributing the balance of dividends to each citizen. The shares of those who die would be retired to the General Fund or redistributed to new-borns, returning Iraqi exiles and newly naturalized citizens, who would each receive a single share, the same as with existing shareholders.

The new corporation would encourage market forces in setting prices throughout the economy by offering, through a competitive bidding process, concessions and leases for exploration, drilling, infrastructural engineering and construction, processing and marketing oil and other natural resource activities. Preferential treatment would be given to competitive operating companies that are broadly owned by Iraqi citizens.

To lay the foundations for Iraq's future economy, new industrial, agricultural and commercial demonstration projects (for example, using advanced alternative energy technologies that produce power and water from sea water and waste), could be launched and financed in ways that encourage wider share ownership among Iraqi workers and other stakeholders.

Future government revenues would then flow from the bottom-up from increasing citizen incomes. This would make government more dependent economically on its citizens, rather than perpetuating the previous top-down dependency of the people on a political elite. It would address the problem of systemic corruption by giving every citizen something to lose, an ownership interest in the nation's oil resources, with the institutional means to hold accountable those responsible for managing the enterprise.

A single rate of taxation on all incomes above poverty levels would balance government budgets, achieve greater accountability, transparency and democratic participation in governance at all levels, and radically reduce future risks of public sector corruption or future coups.

Personal share accounts (like Individual Retirement Accounts in the U.S.) would be set up within local banks for each worker and every citizen of Iraq to accumulate income-producing capital assets, sheltered from any taxes until assets or income are distributed for personal consumption. The equity accumulation accounts would also be given the power to borrow interest-free, non-recourse productive credit on behalf of the citizen.

This "capital credit" would be used exclusively by citizens to purchase new shares issued by new or growing Iraqi enterprises to finance the expansion and modernization needs of a growing Iraqi economy. The debt for purchasing the newly issued growth shares would be secured and repaid by the projected dividends on those shares (as with leveraged employee stock ownership plans in the U.S.).

One cautionary note: Experience with employee stock ownership plans has shown that it is not sufficient merely to give people ownership and expect any significant change in their behavior and value systems. It is essential that, during the planning and implementation phases of a national ownership strategy, management systems be introduced that encourage a servant leadership philosophy and structures and processes for diffusing economic power, ownership and participation. One such system called "Justice-Based Management" systematically builds internal ownership cultures necessary to educate all stakeholders and maintain the continued deconcentration of power and accountability of managers to the worker- and citizen-shareholders.

***For full proposal see:*** [A New Model of Nation-Building for Citizens of Iraq](#)