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Commentary: Power grab in Iraq

By Arnaud de Borchgrave
UPI Editor at Large

WASHINGTON, March 4 (UPI) -- Not trusted by the CIA and with only a 30 percent approval rating among his 24 colleagues on the Iraqi Governing Council, Ahmad Chalabi is rapidly emerging as the most powerful Iraqi since Saddam Hussein.

Chalabi is already the dominant power broker. And for himself, he has quietly accumulated an impressive number of powerful positions. In addition to running Iraq's post-war intelligence service, known as the Information Collection Program, he is now head of the Governing Council's economic and finance committee. From this potentially lucrative perch, he controlled and supervised the appointment of no fewer than six key players, including three ministers -- the oil minister, the finance minister, the trade minister, the central bank governor, the head of the trade bank and the managing director of Iraq's largest commercial bank.

With this kind of power base, Chalabi's next steps were predictably familiar. They are déjà vu ad nauseam in other parts of the developing world. He has placed relatives and cronies in key slots in the new bureaucracy. Promissory contracts totaling some \$400 million for Iraqi reconstruction projects have been allocated to Middle Eastern and American business friends.

On June 30, when chief U.S. Administrator L. Paul Bremer and his colleagues on the coalition's provisional authority go out of business, and Chalabi and his fellow Governing Council members recover full sovereignty on Iraq's behalf (pending elections in 2005), the long-time president of the Iraqi National Congress in exile will be in the financial driver's seat.

Heedless of his critics' mounting concern, Chalabi also grabbed the reins of the De-Baathification Commission, where he decides who gets purged or rehabilitated from the "ancien regime." More favors to call in down the road to national elections.

As a Shiite, Chalabi has cultivated Iraq's top Shiite leader, Ayatollah Ali Al-Husseini Sistani, and made a trip to Tehran to call on President Mohammad Khatami. His defenders at the Pentagon, where he was once the anointed Iraqi exile leader, are a diminishing breed.

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The CIA kept him at arm's length during the run-up to the invasion a year ago. The agency's Iraqi analysts began to suspect that Iraqi military defectors had been coached by Chalabi's INC organization to beat the polygraph and lie about Saddam's non-existent chem-bio weapons of mass destruction.

But the Defense Intelligence Agency continues to defend Chalabi, chiefly for the intelligence his "Information Collection Program" has produced since the liberation of Baghdad. Some 1,300 intelligence reports flowed from ICP to the U.S. military through January 2004, much of it actionable, including most of the 55 most wanted Baathists. ICP also delivered a list of foreign corporations that had been in the U.N. sanctions-busting business to trade with the Iraqi military. In all, Chalabi's organization is sitting on 60 tons of Baath party documents.

The son of a wealthy banking family, whose grandfather, father and brother held prominent Iraqi government posts until the Baath Party seized power in a military coup in 1968, Chalabi, now 60, has not lived in Iraq since the age of 12.

His math credentials from MIT and his University of Chicago PhD served him well as a math professor at the American University of Beirut in 1977 before he tried his hand at banking. He moved to Amman, Jordan, befriended the royal establishment, opened his Petra Bank with branches in Beirut, Geneva and Washington, and it soon became the country's leading bank.

Anyone who was anyone in Jordan put their savings into a bank that was patronized by the royals. Chalabi could do no wrong -- until the Petra bank suddenly collapsed at the end of the decade of the 90s. Depositors were short-changed to the tune of \$300 million. About to be arrested, Chalabi escaped to Syria in the trunk of a royal car ordered up by then Crown Prince Hassan, his close friend and business associate.

From Syria he flew to London and immediately invited, all expenses paid, several hundred Iraqi exiles to meet with him in Vienna. That's when the INC was founded - - with Chalabi as its president. In the United States, the American Enterprise Institute took on the task of introducing and promoting him to Washington's movers and shakers. He quickly became the darling of the neo-cons, who saw in him a future Iraqi leader.

Now no one is more upset at the idea of Chalabi becoming Saddam's successor than Jordanian leaders -- past and present. Chalabi was sentenced April 9, 1992, to 22 years of hard labor by a Jordanian state security court on 31 charges of embezzlement, theft, misuse of depositor funds and speculation with the Jordanian dinar. The court also handed down harsh sentences and fines to 12 others, including several brothers and close relatives who were members of Petra Bank's board, or owners of affiliated companies.

The former governor of Jordan's Central Bank, Mohammed Said Nabulsi, told this reporter, "Chalabi was one of the most notorious crooks in the history of the Middle East." Chalabi, for his part, says both

Saddam Hussein and the late King Hussein framed him because he knew too much about secret deals for military equipment between the two leaders. Jordan was totally dependent on Iraq for oil. Throughout 2003, Jordan's oil shortfall was covered by Kuwait and Saudi Arabia.

This week, the Pentagon suspended a \$327 million contract with Nour USA to outfit the new Iraqi army with everything from boots to armored vehicles. Two competing companies complained about a bidding process they said favored Nour USA. A. Huda Farouki, a close friend of Chalabi's, heads Nour. Yet Nour underbid the other two by substantial margins. Then Nour's competitors pointed out this largest non-construction contract awarded by the Pentagon thus far is for an indefinite quantity of equipment and could stretch over several years. Chalabi to the rescue? Stay tuned.

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