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### Rutledge: investing in Iraq may yield big gains

Monday April 12, 11:25 PM

**SPEAKER: John Rutledge, PhD Rutledge Capital**

Video clip available at: <http://uk.biz.yahoo.com/040412/1/eqvq7.html>

The current turmoil in Iraq has hampered just about all activity, eventually some investors stand to make big gains, says investment advisor John Rutledge.

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Iraq has erupted in a flood of violence not seen since the fall of Saddam Hussein. Some 70 US soldiers have been killed in Iraq this month alone. Seven Chinese citizens were kidnapped over the weekend, three Japanese civilians are held hostage. And now US General Ricardo Sanchez, faces questions about seven contractors from Halliburton (NYSE: [HAL](#) - [news](#)) subsidiary Kellogg Brown and Root.

The violence and uncertainty have called into question hopes for rebuilding Iraq. And it casts doubt on the foreign investment that will be needed to reverse decades of neglect.

But despite the scenes of chaos, John Rutledge of Rutledge Capital cites the experience of China in predicting that private capital will flow into Iraq. "One man's chaos is another man's opportunity. Imagine (Paris: [FR0004150647](#) - [news](#)) yourself investing in China during the past 20 years...less than three weeks ago, the Chinese put private property into their constitution for the first time which means all of the investors, all of the foreign investors who bought into China have been unsecured by basic property rights, but they did what they did because their projections showed you would make 50, 70, 100 percent returns so you could afford to do 20 of those bets and have 10 of them go wrong and you would still do quite well that's the sort of thing someone has to do today in Iraq."

While the US government has pledged more than \$18 billion to finance reconstruction, it's not always easy to measure economic activity in Iraq. "During the bombing in fact and long before there was a market trading deeds to land in Baghdad -- were deeds operating from the Ottoman empire or 100 years before," Rutledge said.

No property rules are in place in Iraq now, but once they are, Rutledge says, expect a rush. "They are looking at a market that so going to be established with owners that will be very illiquid -- very eager to get cash, prices will be very low the returns to the initial investors in Iraqi real estate and Iraqi industrial assets are going on the minimum to double, triple in a year or more-- this is going to be very exciting."