

Larry Goldstein, President of the Petroleum Industry Research Foundation, did a live interview with National Public Radio (NPR) on Monday, February 17, 2003. The program, which aired at 2:00 pm, was called "Talk of the Nation". The subject was Oil and Iraq. Below is a copy of the transcript of the interview.

**National Public Radio**

**Talk of the Nation**

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**Analysis: Role of oil in the Iraq conflict**

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**JOHN YDSTIE**, host:

This is TALK OF THE NATION. I'm John Ydstie in Washington. Neal Conan is on assignment.

The Bush administration says that if the US goes to war with Iraq, its goal will be to destroy Saddam Hussein's weapons of mass destruction. But a recent poll by the Pew Research Center for the People and the Press finds that many people believe the administration's real goal is to control Iraq's vast oil reserves. Nearly a quarter of Americans hold that view, and three-quarters of the French and Russians do. It's the view of many in the protest movement. We'll give them a chance to make their case later in this hour, and we'll want to hear from you about that, too.

But to understand the debate, we first want to get some background, so before we get to your comments, we'd like to hear your questions about Iraq's oil industry and the effects a war might have at the gas pump. How big a player is Iraq in the world oil market? What would be the short-term effects of war or long-term effects?

Joining us now from his home in Setauket, New York, is Larry Goldstein of the Petroleum Industry Research Foundation, an industry-funded think tank. Thanks for being with us, Mr. Goldstein.

**MR. LARRY GOLDSTEIN** (Petroleum Industry Research Foundation): It's a pleasure to be with you.

**YDSTIE**: And if you have questions for Mr. Goldstein, call us at (800) 989-8255. That's (800) 989-TALK. Our e-mail address is [totn@npr.org](mailto:totn@npr.org).

Mr. Goldstein, first, give us an idea of Iraq's oil reserves, how much it pumps now and the condition of its oil industry right now.

**GOLDSTEIN**: Iraq is an important oil supplier. It has been over the last several decades. They have the second-largest proved reserves within OPEC. Only Saudi Arabia has larger reserves. And no matter what the point of view is of your listeners, it's important to state up front that oil plays in the situation because of the importance of oil in global

economies. Oil is a lubricant, the fuel that feeds and funnels and allows economic systems to function effectively, efficiently and provide goods and services to consumers all over the world. So there's no doubt denying that oil is a dominant factor in the broad equation.

Iraq produced 3 1/2 million barrels a day of oil prior to their invasion in Kuwait. They're currently producing--and it varies month to month--about two millions a day out of about a 75 million-barrel-a-day global oil demand. The one reason oil is a dominant factor among oil companies around the globe--that's the United States, British, Russia, France, China--is that there is no resource risk in looking for oil in Iraq. We know where it is. The risks are largely political, and every company--US, British, French, German, Chinese, Russians--would all like an equal seat at the table to have an opportunity to develop oil. But as I've been saying for now more than a half a year, long before the Bush administration commented on it, I believe that if we go to war with Iraq this time, it's not about oil but it becomes all about oil the day after the war, because the only way we can guarantee that we can put that economy on its feet is to hit the ground running economically.

**YDSTIE:** We'll get to that in a moment, but let's talk a little bit more about the specifics and the statistics. You said that Iraq has the second-largest proven oil reserves in the world. There are some people, though, who believe it may even have larger reserves than Saudi Arabia.

**GOLDSTEIN:** Well, the Saudis have over 200 billion barrels of proved reserves. To keep that in context, Iraq has about 77 billion. The Saudis probably are the number one and will be the number one for a long period of time, because proved reserves are just kind of a working inventory. There's no need to prove up more reserves if you have a reserve production ratio that goes into several hundred years. So that while Iraq has enormous potential, it doesn't really make a lot of sense to argue whether it's one or two. It's substantial.

**YDSTIE:** Well, let's talk for a moment about how a war would affect oil flows out of Iraq and oil flows out of the Persian Gulf. Give us a couple of scenarios of what a war might mean.

**GOLDSTEIN:** First you have to understand the context in which a war might be fought and its impact on the global oil markets today. In 1990-'91, when Iraq attacked Kuwait, there was a vast amount of inventory in private hands. Today inventories are exceptionally low. In fact, in the United States, it may be historically low. Crude oil inventories are at a record low. So that if we go to war with Iraq any time over the next 60 days, the world oil markets are in a much more precarious situation than they were in '90-'91.

Secondly, more than half of Venezuela's oil is also off the market as you and I are speaking, and increases in production from Venezuela will come back very grudgingly and very slowly over a matter of a number of months. So that if we lost Iraqi oil today and Venezuela's production was out, even if we can ignore for the moment the problems we're experiencing this weekend in Nigerian production, the world would be faced with a

very tenacious balance. The spare capacity in the world is not sufficient--it's under two million barrels a day--to make up for the lost Iraqi production that we would clearly lose for a period of time, even under the most benign war scenario. So that it becomes incumbent on consuming governments, particularly in the International Energy Agency, the IEA, which the US is a leading member, to understand that it's critically important early in a war scenario with Iraq that public stocks--the Strategic Petroleum Reserve in the US case and the European public stocks in the other members of the IEA--come on the market early to take away the spike in prices that really are unnecessary and that could do enormous economic damage to global economies.

**YDSTIE:** Are there enough in the Strategic Reserves to have an effect on the oil market to keep the price of oil down for any period of time?

**GOLDSTEIN:** Again, the purpose of the reserves is not to drive prices down. It's to minimize economic dislocations during legitimate supply disruptions. The consequence of putting government stocks on the market clearly will lower prices, and the answer to your question, in a word, is yes, there's more than enough capacity to calm these markets. We have the ability to draw down, for the first 90 days, about four million barrels a day in the United States alone. We're only facing a couple-of-million-barrel-a-day loss under a reasonably optimistic scenario out of Iraq. So there's redundancy in the public sector to calm markets, and our advice would be and has been for several months already to make sure that the SPR is not necessarily the first line of defense, but an early tool in trying to calm markets.

**YDSTIE:** As you've said, it's likely that we'd have an interruption of the flow from Iraq. In fact, Saddam Hussein has threatened to blow up the oil fields if he feels it's necessary and if he feels it could damage the American war effort. What about threatening other areas of the Persian Gulf? Could Saddam threaten oil fields and shipping terminals in Saudi Arabia, for instance, or Kuwait or the United Arab Emirates?

**GOLDSTEIN:** In a post-9/11 environment, we should be prepared for all contingencies. We don't honestly know the answer. The answer that experts would probably give you would be very difficult for him, but we have to be ready for any possible contingency. We shouldn't be debating whether he'll blow up his own wells. It took Kuwait, if you remember, in 1990 nine months to put their fires out. It took them two years to get their production back up to normal levels. So we should be pre-positioning equipment. We should be talking to all the experts now. We shouldn't be reacting to these kind of events. We must be anticipating these kinds of events, because if it takes us a long time to get oil back up and pumping in Iraq, we'll win the military battle and lose the big war, because we must stabilize that economy quickly, which is why oil is a critical component in the day after Saddam.

**YDSTIE:** Let me ask you, what kind of price scenarios are we looking at? What kind of prices per barrel are we likely to see if there's a war? What kind of prices at the gasoline pump?

**GOLDSTEIN:** We lost 2 1/2 million barrels a day for two-plus months out of Venezuela, and oil prices went from a low in November of about \$26 to about \$36 today. That gives you some sense of magnitude. But remember, public stocks were not used in the loss of Venezuelan oil. You could have a sudden run-up in prices on the first moments of war breaking out in Iraq, and they could get well up into the 40s. They could get to \$50. My sense is no matter how high they get, they won't stay there very long because political pressures, if not economic realities, would force consuming countries' involvement in the use of their government stocks relatively quickly during a war scenario.

**YDSTIE:** Again, we want to remind you that if you have a question for Larry Goldstein, call us at 1 (800) 989-8255. That's 1 (800) 989-TALK.

And are you confident, Mr. Goldstein, that the Bush administration is prepared to open the Strategic Petroleum Reserve if oil flows are interrupted?

**GOLDSTEIN:** What I am confident in, because we've been involved in a number of discussions with a number of different government agencies on this, is that they've exhausted every possible scenario. They understand the consequences, both politically and economically, of all the scenarios. In 1990, we sat on our hands for a number of months and watched oil prices go from 18 to 37 to \$40 and, by coincidence, watched the US economy go into recession. My sense is this administration is politically and economically aware of those facts, and I believe--and I'm certainly not privy to their final decisions on this, but I believe that the SPR would be an early tool.

**YDSTIE:** Mr. Goldstein, as you said earlier, you've been quoted for some time now as saying, "If we go to war, it's not about oil, but the minute the war is over, it's all about oil." Tell us a little bit more about what you mean by that.

**GOLDSTEIN:** I believe that there are legitimate reasons to hold war out as a viable threat to Saddam's intransigence and trying to destroy his weapons of mass destruction. However, I don't believe that oil is, in any way, shape or form, the dominant reason for going to war. But, the day after war it's all about oil. We'll win the military battle, and I think we can do it relatively quickly. The problem is the day after the war is over, unless we're prepared to hit the ground running economically, we'll lose the bigger battle in Iraq and in that region. If we can't stabilize that economy and show the Iraqi people there's something in it for them today--not tomorrow or not for their children, not for their grandchildren, but for them and today, we're not going to stabilize that economy, and if we can't stabilize that economy, we're not going to stabilize that region, and therefore, the military battle would have been fought for naught.

The only way to do that is to make sure that oil plays a quick, efficient, dominating role because that's the only resource Iraq has to bring goods and services into that economy quickly. The American public, of course, could finance this. I doubt that we're prepared to. I certainly doubt that the French and the Germans are prepared to step up and fund this, so that like it or not, oil becomes a major issue in the day after war.

**YDSTIE:** And how do you see that playing out? Do you see American companies going in and taking the lead? Do you see an Iraqi government overseeing contracts and letting them out to big oil companies from around the world? Do you see the US occupying force making decisions about oil?

**GOLDSTEIN:** One, I believe the US has to be an occupying force in some form in terms of guaranteeing strategic stability to the region. They don't have to be, and I hope they wouldn't be, a dominant player in the day-to-day operations of the Iraqi oil industry. The Iraqis have professionals. They have an oil company called SOMO. They know how to run that business. We have to make sure that, in fact, that business is running effectively, efficiently, legally, and the moneys that are flowing into that economy get spent where the moneys really should be spent. So there's going to have to be some major overriding supervision of the activities, but the US doesn't have to actually take charge of that oil.

I'll remind your listeners, in anticipation of some other questions, that when we went to war in 1990 to defend Kuwait, when we left Kuwait, US oil companies had no position in Kuwaiti oil. We decimated the Iraqi military. When we left Iraq, we had no position in Iraqi oil. US oil companies are prohibited by Iraq today from buying their oil directly. While we're the largest importer of Iraqi oil today, US oil companies can only buy it primarily from French and Russian traders. French and Russian traders have first access to Iraqi oil.

**YDSTIE:** We're going to have to take a break right now. We're talking about the role of oil in the Iraq conflict. And we're taking your calls at (800) 989-TALK. You can send us e-mail. The address is totn@npr.org.

I'm John Ydstie. It's TALK OF THE NATION from NPR News.  
(Soundbite of music)

**YDSTIE:** This is TALK OF THE NATION. I'm John Ydstie in Washington. We're talking about the role of oil in the approach the United States is taking with Saddam Hussein. Our guest has been Larry Goldstein of the Petroleum Industry Research Foundation.

Mr. Goldstein, if you'd stay with us for a few more minutes, we'd certainly appreciate that.

And we're being joined now by Phyllis Bennis of the Institute for Policy Studies, a Washington think tank. She's among those who believe oil is a big part of the motivation for war. She joins us from her home here in Washington. Welcome to the program, Ms. Bennis.

**MS. PHYLLIS BENNIS** (Institute for Policy Studies): Thanks very much. Good to be with you.

**YDSTIE:** In your view, what's the role of oil in this conflict?

**BENNIS:** I think oil plays a very significant role in the Bush administration's decision-making. It isn't, by any means, the only factor, but it is a very important one. The old saying that we first started hearing back in 1979, 1980, when President Jimmy Carter was

mobilizing draft registration again and talking about sending a rapid deployment force to the Persian Gulf region, was that if the main export of the Persian Gulf area was broccoli, we wouldn't be worrying very much about it. Oil is, as we've heard from Mr. Goldstein, a globally strategic resource, and in a world when industrial countries such as the US are fully dependent on oil supplies that are not going to be available forever and are not putting the kind of resources needed into alternative forms of energy, it's not surprising that oil plays a very key strategic part of the administration planning.

Additionally, at this particular administration, the individuals within it come directly out of the oil industry. Many of them--President Bush himself, Vice President Cheney, a number of the others--have all made their personal fortunes in the years when they were not in Washington in office in the oil industry and have a very direct and personal connection to it.

**YDSTIE:** We want to remind you that you're invited to join the discussion. Give us a call at (800) 989-TALK. Our e-mail address is [totn@npr.org](mailto:totn@npr.org).

And we have a caller on the line right now, David in Seattle.

**DAVID (Caller):** Hi. I want to put this question to both your guests and a little follow-up, if I may.

**YDSTIE:** Sure.

**DAVID:** The question is, how much of the world's proved oil reserves are controlled by democracies, well, vs. non-democratic or questionably democratic forms of government?

**YDSTIE:** Either of you?

**BENNIS:** I would just say this. I think Mr. Goldstein's probably more of an expert on exactly how much oil is available in which countries, but we do know that, in general, oil production as a high percentage of the economic exports of a country usually leads to very bad situations in terms of human rights, in terms of democratization processes. While there are countries--a number of the European democracies, the UK, Norway, certainly Canada--are large oil producers, in the developing countries it tends to be some of the most repressive countries historically, countries like Nigeria, where oil has been a disaster for many of the people who live in the richest oil-producing areas. The same, of course, is true throughout the Persian Gulf region, where you have this oddity of huge pools of oil with, other than Iraq and Iran, very tiny populations, leading to the continuation of absolute monarchies, uncritical responses from the US and other Western powers to the abuses of those absolute monarchies, all in the name of maintaining access to and control of oil.

**YDSTIE:** Larry Goldstein, do you have any idea what the number of oil-producing countries who are democracies is?

**GOLDSTEIN:** Well, it really would depend on a definition. Where would you place a number of countries from the former Soviet Union? But it's clearly the majority. It's probably somewhere between 60 and 70 percent. And I'd just like to remind your

listeners that while there are a number of oil-producing countries that are clear dictatorial leaderships and fairly vicious, that that characterization is not the exclusive property of oil-producing countries. We have them all over the world, and the Taliban was only one case in point where there was no oil.

**YDSTIE:** Dave, I wonder what motivated your question.

**DAVID:** Well, what motivated my question is, in part, the Senate hearings with the State Department, when they questioned the State Department about the post-Iraq plan, and I think Mr. Goldstein's point about attacking Iraq is one set of considerations, but the day after is another. It seems to me that the Bush administration has really not put forward the Iraq democracy plan, and I wonder, for both your guests but particularly Mr. Goldstein, if he would possibly comment on whether the Western powers find it easier to deal with a non-democratic regime in the developing world when it comes to petroleum reserves.

**YDSTIE:** What would you say, Mr. Goldstein?

**GOLDSTEIN:** Well, one, I would like to say that there's been a substantial amount of thought and effort going into what Iraq should look like after Saddam. If the administration is to be criticized--and I think they deserve a substantial amount of criticism--there's a lot of that thinking and discussion and dialogue and debate is taking place in a very narrow, private, select few people. It has not been presented to the American public in a rational, sensible way that we could see the data laid out in front of us and enter in an honest dialogue and debate about the issue. I believe the president made a clear case on why Iraq is a threat, but has not got into the costs of what it's going to take to remove that threat.

**DAVID:** Yeah. I...

**BENNIS:** If I could just comment on that...

**YDSTIE:** Sure. Phyllis, go ahead.

**BENNIS:** Well, I...

**DAVID:** ...(unintelligible) because for your other guest, particularly I think. But for both, but particularly your other guest, let's talk about, if you would, the plan for Turkey to militarily control the northern part or the Iraqi Kurdistan. How does that fit in--and it seems to me it doesn't fit in--with a democratic plan for Iraq?

**BENNIS:** Well, I actually have a serious doubt that anyone in the Bush administration is seriously worried about democracy in Iraq. These are, after all, the same individuals--if we look at Donald Rumsfeld, for example, who went to Iraq in 1983 and '84 at the time when Saddam Hussein's regime was engaged in the worst atrocities, the worst attacks, and were unable and unwilling to challenge those human rights violations in any serious way, but was very eager to re-establish full US diplomatic relations with the Iraqi regime. I think we would be naive to think that suddenly, at this moment, that the issue of the human rights of the Iraqi population are now high on the agenda of the Bush

administration. And I think that people that were in the streets of the world's cities on Saturday, the half a million in New York, the close to 10 million in cities around the world, elsewhere, were saying, 'We don't buy it. We don't believe that this war has anything to do with the protection of the human rights of the Iraqis,' which has been terribly violated by this regime.

**YDSTIE:** David...

**GOLDSTEIN:** It'd be very interesting...

**BENNIS:** I think the example that the caller raises about Turkey raises exactly that issue, because there is talk of turning over the control of significant amounts of territory in northern Iraq to US allied and US-dependent Turkey, which, among other things, would prevent the possibility of a model democratic Kurdish independent state from emerging within Iraq, something seen as not a good thing to be seen as an example by the Turkish Kurds, but would also keep the control of oil in northern Iraq in clearly accountable pro-US hands.

**YDSTIE:** Now I want to move on to the next caller, but first give Larry Goldstein just a moment to respond, if he feels like he should.

**GOLDSTEIN:** Well, as I mentioned, oil is critically important to global economic activity. You can't minimize that. But in 1990, I need to remind the listeners again, when we liberated Kuwait, we walked away with nothing. When we liberated Kuwait and decimated the military Iraqi system, we didn't demand anything from them in their surrender. US oil companies have zero access to Iraqi oil. If this was about oil today, why wasn't it about it when oil was more important to global economies 12 years ago?

**BENNIS:** It was important then. We had full access to Kuwaiti oil. That was never an issue. In fact, one of the ways...

**GOLDSTEIN:** We didn't have full access to Kuwaiti oil.

**BENNIS:** One of the ways that...

**GOLDSTEIN:** Kuwait sells their oil on an open market.

**BENNIS:** That's right. Oil is not...

**YDSTIE:** Hold on just a moment.

**BENNIS:** It's not about access. It's about control.

**YDSTIE:** Hold on, hold on, hold on. Hello?

**GOLDSTEIN:** ...(Unintelligible) production of Iraqi oil.

**YDSTIE:** We're going to have to go to our next caller here, Adrian in Raleigh, North Carolina. Adrian.

**ADRIAN (Caller):** Hello?

**YDSTIE:** Hi. You have a question or a comment.

**ADRIAN:** Yes, I do. I have a brief comment. The last caller had mentioned about democracy and which countries had democracies and controlled oil. I think democracy is relative, because the American public opinion has nothing to do with going to this war. No one cares what we think. We had town hall meetings with congressmen about who Bill Clinton slept with, but nobody cares about what we think about this war, which could turn into World War III. But my question is, if Saddam blows up those oil fields, would they be salvageable and how long would it be?

**YDSTIE:** Thank you. Larry Goldstein.

**GOLDSTEIN:** Well, I mentioned we don't have a lot of experience because we don't know how he'll blow them up. If he does it conventionally, the way he did in Kuwait, we've learned quite a bit. But even with a massive effort on the part of the Kuwaitis where money was not an issue, it took them nine months to put the fires out, and it took them two full years to get that production back. So this would come at a very expensive cost to global oil markets. It would lead to much higher oil prices over that period of time. I can reassure you from the little I've seen that we're not going to react to that event. We're trying to anticipate as much as possible. I believe we pre-positioned equipment over there to fight those kind of fires, and I believe we have interviewed and are dealing with a number of firefighting entities all over the globe, and that's about the best you can do, and you have to then take the rest as it comes.

**BENNIS:** I think there's one other thing we can do, which is to not go to war, and that would significantly eliminate the possibility of those oil fields being blown up.

**YDSTIE:** Let's go to our next caller, Derek, in Ashland, Oregon. Derek, do you have a question or comment?

**DEREK (Caller):** Yeah. I had a friend who said that he had become aware that countries in Europe control modernization contracts--they hold modernization contracts for the oil fields in Iraq and he speculated that once the US guarantees that under a new regime that they could maintain those contracts, they would get more behind the US and be willing to go to war. And I guess I just wonder what role the--your guests think that plays into it.

**YDSTIE:** Larry Goldstein.

**GOLDSTEIN:** That's a question that's been debated and bandied about for months in a number of different capitals. The US and the Russians are working closely together on issues that go well beyond oil. The relationship between our president and Putin has been a very interesting and evolving one. There is an understanding that the contracts'

sanctities ought to maintain where possible, but that can only be done if the US has a dominant role in the future, say, of the oil industry.

From what I can tell, that's not the intent of the US government. They're talking about trying to make sure there's a viable SOMO system in there that will deal with those things. We're not looking to abrogate contracts. By the way, I believe if a ruler is 12 inches, it should be 12 inches when you measure anything and people without any evidence who honestly believe that if we go to war with Iraq it's all about oil should at least use the same standard of measurement when they speak about the French who today are the principle beneficiaries of access to Iraqi oil and have a substantial number of the contracts that will come in to play after sanctions are lifted. The French have a dominant economic interest today and tomorrow in Iraq. So let's make sure we use the same standard of measurement when we're discussing this issue.

**YDSTIE:** Phyllis Bennis, quick comment on that before we go to a break.

**BENNIS:** That's absolutely true. I think France (technical difficulties) very much by oil. We can't have any illusions here that the French government is dominated primarily by concerns about human rights. I do think, though, that we would be foolish not to recognize (technical difficulties) control of Iraq will lead to a privileged position for US oil companies.

**YDSTIE:** Mm-hmm. We just want to say that you're listening to TALK OF THE NATION from NPR News.

And we'll go now to another caller. This is Kevin in Philadelphia.

**KEVIN (Caller):** It sounds like your guests were just talking about my question. You know, I wanted to know what their opinion was towards the role of oil in France and Germany and Russia and not opposing action in Iraq. You know, it's been talked about Bush wanting to go to war for oil. How much of their opposition is based on wanting to keep their contracts?

**YDSTIE:** I think we've probably covered that.

**BENNIS:** If I could just add one point to it, though?

**YDSTIE:** Sure. Sure. Phyllis Bennis.

**BENNIS:** That is that I think it's--we do need to recognize that particularly in France, the question of public opinion is a huge factor. The fact of these enormous demonstrations in Paris as well as in Berlin and elsewhere around the world have a key role (technical difficulties) as much as the question of protecting France's currently privileged position with Iraqi oil.

**YDSTIE:** All right. Let's go...

**GOLDSTEIN:** Could I just make just--one comment.

**YDSTIE:** Sure. Sure. Larry Goldstein.

**GOLDSTEIN:** It's important to understand that leaders at historic moments get paid to lead and not to follow polls. If we had followed polls in 1990, Iraq would not only be dominating Kuwait, but they'd be threatening the Saudis and the rest of the region and controlling two-thirds of global oil supply.

**BENNIS:** And 500,000 Iraqi troops might not have...

**GOLDSTEIN:** Bush didn't wait for public opinion poll. He did what he thought was necessary and brought the rest of the world along with him, including, by the way, the US Congress. As I recall, it was only Al Gore and I think Joe Lieberman on the Democratic side who actually voted initially for going to war.

**YDSTIE:** Let's...

**GOLDSTEIN:** Bush chose to do it first and bring the American public along with him.

**YDSTIE:** Let's go to Adam in Savannah, Georgia.

**ADAM (Caller):** Hi. My question is--all right. Assuming that going to war with Iraq is based particularly on a quest to control oil and assuming that oil is one of the reasons why we'd go to war with Iraq, let me just ask: What's wrong with going to war over oil? Because, I mean, when it comes down to it, the outcome of this war would benefit all parties involved. If the Iraqi people had the opportunity to make money from the sale of their own oil, as opposed to that money going directly into Saddam Hussein's palaces and army, isn't that a good byproduct whether the war is about oil or not?

**YDSTIE:** Phyllis Bennis?

**BENNIS:** That would all sound very nice if war was something that was clean and didn't kill people. When we're talking about the potential death of up to 100,000 Iraqi civilians, according to UN estimates, 500,000 Iraqi civilians will be killed or seriously injured within the first weeks of a US war, that's a very high price...

**ADAM:** Why should we trust...

**BENNIS:** ...for us to impose on the Iraqis, claiming to be doing it in their interest.

**YDSTIE:** You had a comment?

**GOLDSTEIN:** Yes.

**YDSTIE:** Adam? Adam, you had a comment?

**ADAM:** Well, I was just wondering why we should trust the UN estimates of that, first of all? And, you know, war is an ugly thing, but at the same time, the benefits, I think, of a popularly controlled Iraqi oil, you know--the people making money off of their own oil

as opposed to Saddam Hussein making that money I think is a benefit in itself for those people in the future. I mean, wouldn't you agree? Or...

**BENNIS:** Saddam Hussein, first of all, is not getting the money from the oil that's now being pumped. It all goes into a UN-controlled escrow account in the Bank of Paris and is controlled through the oil-for-food process. There is some amount of smuggled oil that goes back to the regime but it's a very...

**GOLDSTEIN:** Two billion dollars a year is going into his pocket illegally.

**BENNIS:** ...small percentage. But the point is that...

**YDSTIE:** Let...

**BENNIS:** ...if people in a country want to control their own resources, I think that's a very legitimate goal. I don't believe that the US has any intention of doing that. When we went into Kuwait, we said that we were going to bring democracy to Kuwait. Kuwait today is now liberated from Iraqi occupation, yes, but it's ruled by the same absolute monarchy that ruled it before. Women still can't vote. The parliament can still be dismissed at the drop of a hat.

**YDSTIE:** We need to go now. We've run out of time, Phyllis.

**BENNIS:** All right.

**YDSTIE:** But thanks very much, Phyllis Bennis of the Institute for Policy Studies in Washington. She was at her home here in Washington. And thanks also to Larry Goldstein, president of the Petroleum Industry Research Foundation. He joined us from his home in Setauket, New York.

We're going to take a short break now and when we come back, winter woes. A huge snowstorm has paralyzed a large part of the East Coast. We want to hear your tales of winter woe. Pick up the phone, give us a call. How bad is it? It's so bad that--well, we'll let you complete the sentence.

I'm John Ydstie. It's TALK OF THE NATION from NPR News.  
(Announcements)

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