Why The UN Isn't A Solution

by Phyllis Schlafly May 26, 2004

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The media pundits can't understand why all the negative news coming out of Iraq doesn't produce poll results that show John Kerry defeating George W. Bush. That's probably because Kerry's solution to the Iraq problem is to turn the management over to the United Nations.

The UN didn't have a lot of enthusiastic admirers before the Iraq war, and as news is sinking in about corruption on a scale never seen before, support for the UN is dropping to near-zero.

Because of the hardships on Iraqi children from the sanctions imposed on Iraq after the Persian Gulf War, beginning in 1996 Iraq was allowed to sell limited amounts of oil to finance the purchase of goods and medicines for humanitarian purposes. This Oil-for-Food program was supposed to be under tight UN supervision, but the UN was the fox guarding the chicken coop.

The UN collected a 2.2 percent commission on every barrel of oil to pay for overseeing a flow of funds that totaled at least $67 billion, a task administered by ten UN agencies employing 1,000 staff. That was just the start of the giant Oil-for-Food ripoff.

The evidence is now pouring in that more than $10 billion in bribes and kickbacks were siphoned off under the noses of the UN monitors. Oil-for-Food was a giant scam that allowed Saddam Hussein to divert that incredible sum to finance his lavish lifestyle and to buy friends to keep himself in power.

The UN had no effective mechanisms of accounting or disclosure, and there never was any audit. Everything was secret: the price and quantity of the oil and of the goods for relief, the identities of the oil buyers, the quality of the food and medicines, the bank statements, and all financial transactions.

General Tommy Franks called the program Oil-for-Palaces. Others called it UNScam. But Saddam's personal pocketing of an estimated $5 billion was only part of the racket; the rest of the illegal money financed a system of bribes to buy international support for his corrupt regime.

Now we know why the UN, and especially France and Russia, opposed our goal of toppling Saddam. It wasn't because they are anti-American; it was because they were the chief beneficiaries of these secret deals with Saddam and they didn't want to turn off the money spigot.

From 1996 to 2002, Oil-for-Food was a cover that invited and sustained huge transfers of corruption-laden transactions between Iraq and major UN members, particularly Russia, France and China. Their profitable party would still be going on if the United States hadn't kicked Saddam out of power.

Here is how the scam worked. Saddam selected individuals, corporations and political parties to receive oil allotments at steep price discounts, which were then sold at the market price. Their part of the deal was to kick back a generous percentage of the profits to Saddam and to help keep him in power by giving him political support in the UN and elsewhere.

UN Secretary General Kofi Annan was a chief negotiator with Saddam. Annan's secretariat collected fees of $1.4 billion to monitor, administer and audit the program, keep the records, and interact with Saddam, plus another $500 million for weapons inspection.

Annan picked UN Assistant Secretary General Benon Sevan to be Oil-for-Food's executive director and report directly to him. He served for six years.

The Iraq Oil Ministry has now released a list of 270 companies and politicians from 46 countries, especially Russia and France, that profited from this scheme. The list includes former Iraqi officials, a former French Cabinet minister, a British member of Parliament, Benon Sevan who ran the program, a company with which Kofi Annan's son was associated, and other UN personnel who were supposed to be monitoring the contracts.

The smoking gun is a letter to the former Iraqi oil minister obtained by ABC News. It describes the specifics of one deal that would have generated a profit of $3.5 million.

Some of the food delivered, mostly from Russia, was unfit for humans, and medicines were often out of date. Saddam also handed out vouchers instead of cash for other goods imported illegally in violation of UN sanctions.

The excuse for this program was an alleged desire to provide for needs of Iraqi people, but the people had no say in who bought or sold goods or food, what was bought, how it was distributed, or anything else. The deal was between the UN and Saddam.

Five investigations of what is probably the biggest financial fraud in history are now in progress. Two are by the U.S. House, one by the Senate, one by the Iraqi Governing Council, and one authorized by the UN and headed by former Federal Reserve Chairman Paul Volcker. A UN Security Council resolution calls on the 191 UN countries "to cooperate fully," but much cooperation is unlikely since Volcker has no subpoena power.