Was Iraq Invaded to boost Oil Prices

Value of Exxon Reserves rose by 666 Billion

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Global Research, June 02, 2007
afterdowningstreet.org 2 June 2007

Theme: Oil and Energy
In-depth Report: IRAQ REPORT

Saddam Hussein may have been deposed in order to limit Iraq's oil production and thus keep world oil prices artificially high. This could be the real reason behind the invasion of Iraq by the Anglo-American forces and their allies.

According to Greg Palast's new book, "Armed Madhouse"(Plume), "When OPEC raises the price of crude, Big Oil makes out big time." Palast makes the point Iraq's output in the 2003-05 period following the invasion saw a decline in oil production. In fact, it dropped to below the level of the 1995-2003 Oil-for-Food arrangement that allowed Iraq to sell two million barrels per day to raise cash for humanitarian purposes.

"Whether by design or happenstance, this decline in (Iraqi) output has resulted in *tripling* the profits of the five U.S. oil majors to $89 billion for a single year, 2005, compared to pre-invasion 2002," Palast writes.

He points out the oil majors are not simply passive resellers of OPEC production but have reserves of their own which rise in tandem with oil prices.

"The rise in the price of oil after the first three years of the (Iraq) war boosted the value of the reserves of ExxonMobil Oil alone by just over $666-billion," Palast wrote. What's more, Chevron Oil, "where (Secretary of State) Condoleezza Rice had served as a director, gained a quarter trillion dollars in value."

Another big winner in the Iraq war is Saudi Arabia. The war-stoked jump in oil prices, Palast writes, put $120 billion in Saudi Arabia's treasury in 2004, triple its normal take.

Among the big losers have been American motorists, now paying about $3.30 for a gallon of gas. What's more, the oil price spike has punished U.S. industry, costing America an estimated 1.2-million jobs. "Higher borrowing costs for business since the beginning of the Iraq war are bleeding manufacturing investment," Palast adds.

Rising oil prices are an anomaly. The world's petroleum reserves have doubled from 648 billion to !.2 trillion barrels in the past 25 years, Palast reports. According to free market laws of supply and demand, discovery of these immense new pools should cause prices to drop.

Big Oil's interest is in "*suppressing production,"* Palast writes, stating "An international industry policy of suppressing Iraqi oil production has been in place since 1927."

Iraq has 74 known oil fields but only 15 are in production and 526 known pools of oil of which only 125 have been drilled. In 2005, Iraq exported only 1.4 million barrels of oil daily, less than under Hussein, less than half its old OPEC quota, and less than a fourth of its ultimate capacity, Palast reports.

"Though technically owned by the Iraqis through their state oil company, we can expect the (Iraqi) crude to be gathered and controlled downstream by the same old hands, British Petroleum, Chevron and other IOC's (international oil companies) that first drew that nation's borders, politely fulfilling Iraq's quota assigned by the Saudis, no more, maybe less," Palast writes.

In addition to clapping a lid on Iraqi production, Palast charges the U.S. “promoted sabotage of oil piping, loading and refining systems in Venezuela” to limit that country’s production.
Palast reminds that Venezuela, once the top exporter to the U.S., broke the back of the 1973 Arab oil embargo by replacing the oil withdrawn by Saudi Arabia. “(Hugo) Chavez, despised by Bush, was not likely to save Bush’s bacon by busting another embargo. Therefore, Chavez had to go *immediately,”* Palast writes.
Palast says that OPEC is a front for the IOC’s. “If oil *companies* had created this cartel to fix prices, that would have made it a criminal conspiracy—cartels are illegal. But when *governments* conspire for the same purpose, the illegal conspiracy turns into a legitimate ‘alliance’ of sovereign states. OPEC’s government cover makes the price fixing perfectly legal, and Big Oil reaps the rewards.”
What’s more, Saudi Arabia and other OPEC nations take Americans’ money at the pump, and in their heating and electric bills, and use it to buy up U.S. government notes. In 2005, Palast said, $243 billion in petro-dollars was collected from Americans by OPEC. Foreigners then bought up $311 billion in U.S. government debts.
“All the goodies, from nuclear subs to tax cuts to war in Mesopotamia appear to be ‘free’ to the taxpayer,” Palast writes. “It’s all just put on the tab, the national debt, including the interest on it. The actual cash needed to pay for these budget busters is first collected from U.S. consumers via the hidden oil tax for which Mr. Bush takes no blame.”
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