

# Oil-for-food scandal: Washington's preemptive strike on the UN

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A second interim report into the United Nation's so-called oil-for-food scandal released last week exonerated secretary-general Kofi Annan of the main accusation against him: that he improperly used his influence to steer a UN contract worth \$10 million a year to a Swiss firm Contecna that employed his son Kojo.

The findings have done nothing, however, to halt the campaign of innuendo, exaggeration and slander by the Republican Party rightwing in the US and its mouthpieces such as the *Wall Street Journal* against Annan and the UN. One of the main cheerleaders, US Senator Norm Coleman of Minnesota, immediately reiterated his demand for Annan's head, declaring: "His lack of leadership combined with conflicts of interest and a lack of responsibility and accountability point to one, and only one, outcome: his resignation."

In all probability, some companies and individuals profitted handsomely from the \$65 billion UN program that permitted the Saddam Hussein regime to sell oil and buy a limited range of humanitarian goods. The scale of the exercise, however, pales into insignificance alongside the current plundering of Iraq by Halliburton, Bechtel and other US corporations with close connections to the Bush administration and its illegal occupation of the country.

It also appears possible that Annan's son may have traded on his father's name to assist in obtaining a job and to set up in business. He would not be the first to do so. In his own sordid business dealings in the 1980s involving the Texas Rangers baseball team and Harken Energy, George W. Bush, the current US president, managed to leverage his family connections to then-vice president George Bush, his father, into a personal fortune worth millions.

The stench of hypocrisy and cynicism that surrounds the oil-for-food inquiry underscores the fact that it has little to do with allegations of corruption against Annan and other UN officials. Like other multilateral international institutions, the UN has become a battleground where the US is seeking to assert its unchallenged supremacy over its imperialist rivals. The Bush administration is exploiting the scandal as one means for undermining the UN, either to force through changes, or failing that, to neuter or even destroy the organisation.

The oil-for-food investigation, set up last April, is headed by former US Federal Reserve Board chairman Paul Volcker. Its two other members are Justice Richard Goldstone, the South African judge who prosecuted war crimes in the former Yugoslavia and Rwanda, and Professor Mark Pieth, a Swiss academic specialist on money-laundering.

The committee has now produced two interim reports and plans to release its final report in June. The first in February accused the UN head of the oil-for-food program, Benon Sevan, of "a grave conflict of interest" for steering contracts toward a company owned by an Egyptian friend. Sevan, who was suspended and faces legal charges, denied the allegations and said he was being made a political scapegoat. A second UN official, Joseph Stephanides, was alleged to have interfered in the bidding for an oil-for-food contract.

Last week's second report, which focussed on accusations against Annan and his son, was potentially more explosive. Elements of the report were leaked to the American press, prompting UN spokesman Fred Eckhard to remark that the UN and Annan were "suffering death by a thousand cuts". The *Wall Street Journal* published an article entitled "Kojo's Iraq Connections" implying that Kofi Annan had met his son and a business associate and discussed their plans to establish companies to take advantage of the oil-for-food program. The companies were never set up but that, and the lack of any evidence, did not stop the newspaper from declaring that Annan had questions to answer.

The Volcker report, however, unambiguously found that there was no evidence that Annan assisted the Swiss firm Contecna to win a UN contract in 1998 to monitor goods entering Iraq as part of the UN program. It also found nothing convincing to show that the secretary general even knew about the contract. Kojo Annan was employed by the company in West Africa, not Iraq or the Middle East, from 1995 to 1997 and then as a consultant until the end of 1998. The report described the investigation instigated by Kofi Annan when news of the deal became public in 1999 as "inadequate".

The report accused both Annan's son and the company of deliberately concealing the extent of their relationship from Kofi Annan. Contecna kept Kojo Annan on its payroll until 2004, it claims, to prevent him from working for a competitor in West Africa. Kofi Annan's retired chief of staff Iqbal Riza was criticised for shredding documents covering 1997 to 1999—the period under investigation. Riza rejected allegations of wrongdoing, saying the shredded files were copies of documents available in the UN archives.

Commenting on the report's findings, Kofi Annan declared: "After so many distressing and untrue allegations have been made against me, this exoneration by the independent inquiry obviously comes as a great relief." Asked if he intended to resign, the career diplomat responded with uncharacteristic bluntness: "Hell, no". The reaction reflects the pressure of a none-too-subtle campaign by Washington to pursue the scandal as a means of disciplining or ousting Annan, despite his past willingness to do US bidding.

The international response to the Volcker report reflected continuing tensions between the US and its European rivals. While not openly siding with Senator Coleman's open call for Annan's resignation, White House support for Annan was far from unqualified. US State Department spokesman Adam Ereli declared that Washington would continue to work with Annan, but added the findings were "troubling, particularly the failure to recognise the appearance of a conflict of interest."

In its second opinion piece in two days, the *Wall Street Journal* raked over the scandal again. After dismissing the report's exoneration of Annan, it concluded: "In the broader sense, however, what Mr Volcker's report reveals is an 'adverse finding' against the Secretary General: That is, patterns of willful neglect, conflict of interest and incompetence that would have any business CEO out on his ear." While differing in tone,

editorials in the *New York Times* and *Washington Post* followed essentially the same line: despite the lack of evidence, Annan had something to answer for.

European leaders were more forthcoming in their support for Annan. But far from providing any forthright defence of Annan and risking conflict with Washington, they focussed attention on the secretary general's role in guiding UN reforms. Marc Bichler, deputy ambassador of Luxembourg, which currently holds the EU presidency, said Annan was playing an important leadership role at the UN, "notably with regard to the process of UN reform".

Former British foreign minister Robin Cook was one of the few figures to point to the provocative character of the UN scandal. In a comment in the *Guardian* newspaper entitled "Why American neocons are out for Kofi Annan's blood," Cook argued that the White House was out to derail the proposed UN reforms. On the campaign against Annan, he declared:

"There is a breathtaking hypocrisy to the indictment of Kofi Annan over the oil-for-food program for Iraq. It was the US and UK who devised the program, piloted the UN resolutions that gave it authority, sat on the committee to administer it and ran the blockade to enforce it. I know because I spent a high proportion of my time at the Foreign Office trying to make a success of it. If there were problems with it then Washington and London should be in the dock alongside the luckless Kofi Annan, who happened to be secretary general at the time."

Cook's comments underscore the selective character of the accusations against Annan. Based on documents seized in Iraq, a CIA report outlined the extent of Saddam Hussein's efforts to circumvent the UN sanctions regime, maintained for more than a decade after the Gulf War of 1990-91. Of the estimated \$10 billion connected to so-called illicit activities, only \$2 billion had any association with the oil-for-food program.

Most of the money was not bribes and kickbacks, but oil smuggling on a massive scale—principally through two close US allies, Jordan and Turkey—to which Washington turned a blind eye. The US and Britain, whose warplanes flew daily missions over Iraq to enforce the so-called northern and southern "no-fly" zones, were in the best position to monitor smuggling. Moreover, two pro-US Kurdish parties, who collaborated closely with the CIA and other US agencies, made substantial profits from the illicit trade that passed through the northern no-fly zone to Turkey.

To top it off, US officials sat on the UN Security Council oversight committee that monitored the oil-for-food program and was ultimately responsible for reviewing contracts. Not surprisingly, US agencies, which did not hesitate in providing ammunition against Annan and the UN, were uncooperative when it came to efforts to investigate the UN oversight committee and the role of the US.

Asked recently if his committee confronted any "walls" in the UN investigation, Volcker replied: "Yes. Walls is maybe too strong—obstacles, yes." He said that one US agency, which he would not name, "has just flatly ignored requests for help". His colleague Mark Pieth commented: "We are simply astonished that we have not gotten more help from the US, because why would we have an issue with the US?"

Pieth accused the US State Department of pressuring the committee to limit its investigations. "They are saying, 'you aren't to look at what member states have been doing. Your role is to look at the UN officials.' And we are saying, 'Well, we are looking at the program and it's obviously interesting to look at how it was set up'."

At the heart of the oil-for-food scandal are sharp differences over the future of the UN. Annan unveiled a reform package on March 21, firstly, to resurrect the UN's tattered image as a body concerned with peace, justice and ending poverty and, secondly, to deal with the sharp rifts that were most graphically revealed in the conflict between the US and Europe over the 2003 Iraq invasion.

Annan's plan seeks to accommodate to the demands of the US administration. It includes replacing the UN Human Rights Council,

which has long been a target of US criticism, and tightening the framework of the Nuclear Non-Proliferation Treaty in line with US demands to outlaw all uranium enrichment and plutonium reprocessing, including fuel for power reactors.

Annan also called for a UN resolution that would sanction preemptive military attacks against "imminent threats"—a measure that would go some way to legitimising wars of aggression, such as the US-led invasion of Iraq. While it would prefer the UN's formal blessing for its militarism, Washington is not, however, prepared to tolerate any restraint on its actions—either by resolution or a formal vote involving other powers.

As former British foreign minister Cook noted in his *Guardian* comment, Annan's proposals still envisage a collective UN leadership. "The neocons who run the US administration want supremacy, not equality, for America and hanker after an alternative model of global governance in which the world is put to right not by the tedious process of building international consensus, but by the straightforward exercise of US puissance," he wrote.

The fact that Annan is in the spotlight over the oil-for-food scandal demonstrates that the US is not willing to brook any opposition. Annan was installed as UN Secretary General in 1997 through the efforts of the Clinton administration to block the reappointment of Bhoutros Bhoutros-Ghali, of whom Washington was critical. A career UN diplomat, Annan has always been cautious not to offend the major powers, particularly the US. If he felt compelled to make timid criticisms of the US invasion of Iraq, it was because he attempted to straddle a deep divide between the competing interests of the US and European powers.

The attacks on Annan's credibility are in line with the Bush administration's appointment of arch neo-conservatives to top international bodies—John Bolton, former US undersecretary of state, as US ambassador to the UN, and Paul Wolfowitz, former US deputy secretary of defence and the chief architect of the Iraq invasion, to head the World Bank. Despite recent US diplomatic efforts to smooth over relations with Europe, these appointments, along with the ongoing oil-for-food scandal, demonstrate that the Bush administration's aim is to subjugate or destroy these institutions.

The United Nations has never been an organisation for achieving peace, democratic rights and better living standards. It has always been, as Lenin said of its League of Nations predecessor, "a thieves kitchen" where the major imperialist powers settled their disputes and divvied up the spoils. If the institution is now in a crisis, it reflects a falling out among the thieves. Deep and irreconcilable differences exist that cannot be ended through the normal channels of diplomatic horsetrading, presaging open conflict and war.



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