

United States Institute of Peace
Association for Diplomatic Studies and Training
Iraq Experience Project

**JAMES WARLICK
EXECUTIVE SUMMARY**

*Interviewed by: Charles Stuart Kennedy
Initial interview date: September 10, 2004
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James Warlick, 48, has degrees from Stanford University, Oxford, and the Fletcher School. He worked for the Asia Foundation and joined the Foreign Service in 1985. He is presently director for UN political affairs in International Operations.

Warlick served in Iraq from January to July 2004 and was a counselor to Ambassador Bremer. He had the responsibility for running the Oil-For-Food Program. He worked on rehabilitating three major program components. The most important of these was the supply component: ensuring Iraq had an adequate food supply as over 60% of Iraqis depended on the \$3.5 billion program. Warrick's second task was revamping Oil-For-Food contracts. The third component involved Oil-For-Food North (which primarily served the Iraqi Kurds).

Warlick also addressed issues of corruption in the Oil-For-Food Program. There are currently a number of investigations going on by the Iraqi government, the UN and by Congress. Warrick worked to ensure that pertinent documents were not destroyed and were available to the investigators.

The Iraqis with whom Warlick worked were for the most part well educated, "modern" Arabs. He was encouraged that these persons represented the future of Iraq. On the Kurdish side, he found an intensely pro-American people albeit with a different mindset. They were talented and confident. The Kurds he dealt with seemed to recognize that some sort of connection to Baghdad was essential and that an independent Kurdistan was not viable.

Concerning the Public Distribution System, Warlick cautioned about trying to move too quickly to a monetized system. Many Iraqis have grown dependent on foodstuffs and prefer the tangibility of real goods. Warlick also discusses the sizable secondary market for program food stuffs, noting that this barter-market is actually healthy for the economy.

The security situation has made the food distribution operations more difficult as there are interruptions to the supply line. However, Warlick's greatest concern was the problem of corruption. If it continues to be endemic to the system, the whole program, as well as others, would be in jeopardy.

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Q: All right. Well, since we're going to be focusing on your time in Iraq, you were in Iraq from when to when?

WARLICK: I arrived in January of 2004 and I stayed through the end of CPA. I left Baghdad at the time that Ambassador Bremer did and I returned to Baghdad in July for several weeks to help with the transition. I left Baghdad for good around July 25th.

Q: When you got there in July 2004, what type of job, what was your position?

WARLICK: I went out to Baghdad to run the Oil-For-Food Program. My title was Counselor to Ambassador Bremer and under that I had full responsibility for the Oil-For-Food Program. Maybe I should describe what my responsibilities were if that would be of help to you. Oil-For-Food means different things to different people. I did three things while I was there, all of which are called Oil-For-Food, but not all of which are exactly Oil-For-Food.

The first and probably the most important job that I had in Iraq was to ensure the food supply into the country. The majority, 90% of Iraqis receive food rations. Those rations constitute over 4,000 calories a day per person. These food rations are available to every household, every man, woman and child in the country is eligible to receive these rations. It was a program that was begun under Saddam, but now over 60% of the country is one way or the other dependent on these rations. The main source of food for the country comes in through the government, through the food ration program, also called the Public Distribution System. CPA took full responsibility for running the Public Distribution System together with Iraqis in the ministry of trade and elsewhere. The value of that program was approximately \$3.5 billion a year.

My job in CPA was to do the procurement, the contracting, the logistics, the delivery, the security for that entire food pipeline into the country. During Saddam's time, all of the food was bought with oil revenues and was a part of the Oil-For-Food Program. When

the Oil-For-Food Program formally ended after the United Nations ceased responsibility for the it on November 21, many of the shipments continued to come in. So, food was brought in under the Oil-For-Food Program which I oversaw, but we also did independent procurement of food. That was a massive undertaking. From January, we sought not only to import the food needs of the country, but to build a buffer stock of foods and ensure that there would not be any shortages. This became increasingly difficult as the security situation deteriorated. That was my first and most important job.

My second job was to take responsibility for the Oil-For-Food Program contracts. Saddam used oil revenues under the Oil-For-Food Program to purchase not only food, but practically anything that needed to be imported into the country. It was of course food, medicine, but it was also oil spare parts and automobiles and practically anything that could be imported. Well, the value of that program over its life was about \$80 billion. At the time that CPA came into existence, there was some \$8 billion worth of contracts that remained to be delivered. It was a long process with CPA, with the United Nations and with the Iraqi ministries to determine to prioritize contracts, but we did prioritize \$8 billion worth of contracts. It was my responsibility to ensure delivery of those contracts. As I said, many of those contracts did represent essential goods like food and medicine, but other things that were determined to be important for reconstruction and essentially for the survival of Iraq. I oversaw what we called the Oil-For-Food Program Coordination Center. That was responsible for ensuring the delivery of those contracts. While I was there, we oversaw more than \$4 billion worth of contract deliveries under the Oil-For-Food Program. On July 1st, those contracts that were still active were returned to their respective ministries of the internal Iraqi government.

The third aspect of my work in Baghdad was what we called Oil-For-Food North. While Saddam Hussein purchased things with oil revenues, the Iraqi Kurds decided not to purchase things. Instead, they bought programs and the United Nations established a series of development programs up in the North for water resource development, electrification, and building schools and hospitals. Well, those just didn't come to an end with CPA and with the occupation. We wanted to ensure that the projects that were begun would continue and brought to completion. Also, the oil revenues that were earmarked for the Kurds were used productively for new programs. We oversaw a program that transferred \$2.35 billion to the Kurds for these ongoing programs and for new programs. We had quite a large office, office of project coordination that reported to Ambassador Bremer through me that was responsible for overseeing the programs in the North and of course we worked very close with the Kurds on this.

I'll mention one other area that I worked that's increasingly important and that's the area of Oil-For-Food corruption. As more information came to light, it became increasingly obvious that Oil-For-Food Program was intensely corrupt. Saddam used it for his own personal gain, for the gain of his family, for the Baath party. There were hundreds of millions -- possibly billions -- of dollars that were siphoned off of that program, a wide

variety of waste. That has led to internal Iraqi government's own investigation of Oil-For-Food Program abuses. They have hired an accounting firm, Price Waterhouse to do an independent investigation of Oil-For-Food corruption. The United Nations is doing its own investigation into Oil-For-Food corruption and that's being led by former federal Fed chairman, Paul Volker, and our own Congress; both the House and the Senate have launched investigation into corruption as have other governments like the UK. Increasingly, my job in CPA was to explain the Oil-For-Food Program, to ensure that documents were preserved in inventory, that there was access to records and that those that were undertaking the investigation had the information that they needed to do their job.

Q: Talk a bit about your impression of the Iraqi staff that you were working with. Where were they from, how did you feel about how efficient were they?

WARLICK: Well, I worked with Iraqis in a number of capacities. First I had my own personal staff of Iraqis that worked very closely with me. In particular, I would mention my two interpreters and translators and two others as well. They were extremely professional, dedicated to the United States and taking enormous personal risk to work with us. They came and sat with me in my office in the palace in the Green Zone. I think that they did indeed see us as liberators in their country. They had a personal commitment to the kind of work that we were doing on Oil-For-Food and I admire and respect them very much.

I had a second group of Iraqis that worked for me in the Oil-For-Food Coordination Center. These ranged in skill levels from very professional Iraqis who worked on a variety of aspects, contracting the Oil-For-Food Program to Iraqis that had very little English who were providing security or clerical services. I would say we had a range of people some of them looked at this as a financial opportunity for them to make more money than they could working out on the local economy. They did believe in what we were doing and I would say that among that group I was very impressed with their collegiality. I was also impressed that these are not people who came to work each day with an attitude toward the United States that was at all negative. Also, among themselves, I saw no evidence of religious rivalry or dissension. They were very well educated, very modern and brought a sense of the word these were not traditional Arabs, if you'll allow me to say that. This group of people that I worked with inspired me to be very optimistic about the future of Iraq that these were people who were very well educated, who were thinking in very modern terms, who wanted to see reforms in our society. These are not people looking to the past. It's an encouraging sign, while this was a small group of people relations larger Iraq, I'd like to think that they were representing a much larger group of people.

There was a group of people that I worked with up in the North and these were Iraqi Kurds who were vital, essential in continuing the programs that were begun under the

United Nations. There I saw a very different side of Iraq. Kurds are intensely pro-American. While they are Muslim, they brought a very different mindset if you will to working with us on these programs. We had a very talented director general and deputy director of our program up in the North. They were as confident as you'll find anywhere. They will continue to work with the communities of the Kurdistan regional government. At a lower level, I enjoyed very much the opportunity to get to know them, the Kurdish staff I worked with. Of course, trying to see their approach, they have experienced horrific abuses at the hands of the Saddam regime, and they continue to be distrustful of Baghdad. I think if I had gone through what they've gone through in Kurdistan, that I would be equally suspicious if not worse. At the same time, they recognize, and I admire them for this, that they needed to work with Baghdad. They needed to form new relations. I welcomed in particular the director and deputy director our office of project coordination in the North when they would come to Baghdad and meet with ministers, deputy ministers to explain the kinds of programs that they were undertaking in the North and actually reach out.

I hope that that continues, the towns up in the North, Arbil and more particularly, Sulaymaniyah have greater signs of reconstruction progress than many other cities in the country. There is an economic gap between North and the rest of the country. I hope that we do not see the divisions of the Saddam era between communities in the Kurdistan regional government and non-Kurds in Iraq. I hope we don't see those division return or become exacerbated because that would be very unfortunate for the future of the country.

Q: Did you see any signs of developing almost a Kurdistan with Iranian Kurds and Turkish Kurds? I mean how did you see the mesh in there?

WARLICK: My experience with this is not as intense as many others, but people, Iraqi Kurds in particular, find that they have or will tell you that they have a deep commitment to their fellow Kurds in Iran, in Turkey, in Syria, and they feel that they were one. While in theory and principal that is the case, I have no doubt that that is true, in practice it doesn't quite work that way. There are rivalries between Iraq Kurds and Turkish Kurds and Iranian Kurds. They do not act in concert with each other even within Iraq. As you may know there are, it's the KDP and the PUK which are not only traditional rivals, but have been in fact bitter enemies. They have been able to unite themselves in their opposition to Saddam, but without a common enemy.

They do slip back into this divisive conflict among themselves. You see this within Iraq and certainly with between Iraq Kurds and Kurds who were resident in other countries. There is no one Kurdish language. There are those who do not speak the same dialect. They, in fact, do not speak the same language even within Iraq. The KDP and the PUK speak different dialects of the same language. They do not see eye to eye on many issues except, as I said, their opposition the Saddam regime. We are not looking at a united Kurdistan in the North of Iraq that encompasses Iran and Turkey at least at this time, and

I think we certainly don't have to take, would not want to take steps to encourage such a united Kurdistan. Our efforts were directed at benefiting the Iraqi Kurds and other communities of the Kurdistan regional government. We took all of the steps that we could to ensure that Iraqi Kurds felt themselves integrated into a national Iraq.

Q: Turning to the problem of corruption, I would have thought that upon your arrival you would have found yourself up against the problem that there was allegedly widespread corruption by entrepreneurs of all sorts and the UN. I've heard reports which implicated that they were directing purchases towards certain outlets and all this. I would have thought that just coming in and taking this away from the people who had been handling it before would you would be threatening some very big rice bowls of people who had been making considerable amounts of money both in Iraq and outside. Did you find yourself in a problem there?

WARLICK: Well, there's no doubt that the problem is intensely corrupt. We'll wait for investigations to see if the United Nations was actively involved in any of that corruption and I reserve judgment on that, but there were certainly Iraqis that were complicit in the corruption both inside and outside the government. They made plenty of money. When CPA took over the Oil-For-Food Program, the date of the takeover by the way is November 21st and that is a direct result of the Security Council resolution, we took all efforts to ensure that the contracts that we prioritized were free from kickbacks and other corruption. We did our very best to ensure that. I think we were successful. We made every effort to weed out those companies that were known to be front companies where you could not identify that this was in fact a legitimate company. We found that we had pretty good support from the Iraqi ministries. Many of them worked with us on the contracts to tell us where the corruption, where the kickbacks were hidden and we welcomed that.

Did we find everything? Did we truly clean up every aspect of the program? I would be foolish to tell you that we had gotten the corruption out of there. There's no doubt that there were many vested interests in this program that were affected by that. As there were investigations of that corruption, there were people that felt very threatened. As you may know, there is an organization within Iraq, the Board of Supreme Audit that was put in the position of overseeing the investigation into the Oil-For-Food Program. The president of the Board of Supreme Audit was just assassinated in July with a car bomb. I have no doubt that his efforts to get to the bottom of corruption in the Oil-For-Food Program were the reason that he was targeted for assassination. That sends a message out to other Iraqis who are willing to cooperate with us that there are many vested interests in this and a lot of money at stake. I'm still hopeful that the investigations into corruption will produce some results, but my own view of this is that we also have to look to the future. What we need to do is to make sure it's no longer an Oil-For-Food issue, but we do need to make sure that the oil revenues and we're billions of dollars of oil revenues that the Iraqis are going to be able to generate, that this that the corruption that was endemic in

the Saddam regime does not return. My biggest fear for Iraq's future is not civil war or even the security issue in general; it is that corruption, the corruption issue and that it can eat away at any progress that can really be made. I hope that we'll see a commitment. I think that Iraqis have to make a commitment to themselves that they're not going to rob their own country blind. If they can see that stem of corruption ended, I'm very hopeful; if suspended corruption returns, I have serious concerns about whether we'll be able to see a truly viable democratic state post Saddam.

Q: Here you are working on this program, what about sources of supply? Were you under any constraints about where you could look for the best deal in wheat or of that nature?

WARLICK: That's a very good question and a very complicated one. We went out with international tenders. We went out with tenders on international markets to buy wheat or rice at the best price that we could find on the international market. We did that. We issued those tenders on the basis of international standards. Did we find the best prices that we could find? Yes, but now, I'll qualify that. Iraqis had become, let's just say spoiled during Saddam's time. They were able to set very high specifications for the products that they wanted to buy not that they were always delivered at that specification. They specified very detailed delivery terms. For example, most international wheat is purchased on the international market; it's freight on board. It's on board that money is paid out for the wheat and then it's loaded onto a ship that becomes then the property of the purchaser. It's the normal transaction and there are variations of it. The purchaser then becomes responsible for delivery of the wheat and getting it to its final destination. Iraqis on the other hand have become so dependent on very elaborate system of other people delivering the wheat for them. It's a system that they would actually pay the supplier to ensure that the wheat got delivered to its final destination in each of Iraq's governorates. Well, it's not a bad thing to do if you have enough money to spend, but you do spend an extraordinary amount of money to require suppliers to ensure that the wheat not only gets from Australia to Iraq, but gets from the port in Iraq or Jordan or Syria to silos in each of the governorates (PH). If you consider the deteriorating security situation, that wheat will be delivered at a premium. So, we got the best deal that we could. The very best deal, but you were also driven by the requirements that Iraqis were setting. You know, it was delivery terms, bonding requirements, testing requirements, and Iraq still has those requirements in place now that they've taken over the procurement. We were interested in getting the food into the country as expeditiously as we could to build up food stocks to ensure that there would not be a food crisis and there would never be a food crisis. We were successful in that. As food stocks reached certain levels we no longer need to worry about crisis, then I'm hopeful that an Iraqi government themselves will change the way they do business. That they will not only put out international tenders based on international standards, but that they'll look at how they can change their procurement practices to make them more efficient.

Q: Did you run into problems with the central food distribution centers? I talked to Robin Raphael when she came right after the fall of Baghdad. She was saying that there were problems because the local sheik or whoever it was who, maybe in Fallujah, had a local distribution center that was his and there were some real problems of breaking down this sort of almost warlordism. Did you have problems with that when you got there?

WARLICK: That situation has actually improved. I guess there are no doubts that there was leakage, payments made, but there was not wholesale abuse of the program. We knew that because we procured wheat and rice and other commodities on the basis of each governette knowing how many people were there and what their monthly ration was, what they were entitled to. We knew if there was a problem because there would be local shortages that would take place. Sometimes, the shortages were for other reasons like security conditions didn't allow trucks to deliver, but we looked very carefully at when there were shortages that were occurring and why they occurred. If there were incidences of real abuse then we would try to take action through the ministry of interior, through the ministry of trade and sometimes through our own coalition forces to make sure they were not abusive, wholesale abuses to the program.

Also, in terms of food even during Saddam's time there are some checks and balances in the food distribution system that make people accountable for food. Saddam put those checks and balances in because he knew that it was important that people in his country had enough food to eat. If they didn't have enough food then he could have a political problem on his hands. So, there were some checks and balances. Each food vendor had a certain number of families and is given a certain amount of food. The vendor is required to pick up that amount of food from a central warehouse in the governette or central depots around the governette. Each of those central depots has just the right amount of food for each of those vendors. Accountability exists if in the middle of the month a vendor has run out of flour he's held accountable to the family that did not get the flour. That vendor is not a very happy man.

Q: He's close to the family.

WARLICK: He has a family out there and he knows all of them. These are people who live in his community and he knows every family and person in it. Those families come to him and rely on him to have enough flour. By the same token, he goes to the central warehouse and he says, "All right, I need 1,000 50 pound bags for this month." He expects to have that. He will hold the government accountable. He will want to know what happened to that flour. Why isn't it in the warehouse and waiting for me to be picked-up? With that, a whole chain of accountability was built into the redistribution system. When people say, "Oh, even today wheat is being shipped into the country and reexported -- hundreds of tons of wheat are reexported," I said no. I'm not going to say that no wheat is reexported illegally, but no because we would see it. We would see it because of that sort of chain of people that are held accountable for making sure that

people are going to get fed.

Q: I was talking to I think it was Dr. Keith Crane, an economist with Rand who was only in Baghdad for a short time, but he was saying that one of the developments of the Oil-For-Food Program was as the economy began, the economy was getting restored, there were more goods coming over that this is pretty basic food and the people were sort of using some of this food. They were going out in a way purchasing their own food, but using this as an account with the market in order to pass it on. In other words, fewer people really were as dependent on this.

WARLICK: That's true and that's my hope as well. What we want to see is fewer people dependent on the food baskets. It's an enormously insufficient subsidy. For 2005, the value of the Public Distribution System will be \$3.3 billion. It's enormously inefficient subsidy. The way to get rid of it can be very difficult and there may have been a time, but it is going to be very difficult monodies (PH), but very difficult to end that subsidy. But I think as you seek prosperity increase, fewer people will be dependent on that food basket and items can be eliminated from the food basket. They can be monetized and that we can see that subsidy reduced so that it becomes a safety net rather than a subsidy for the entire population. Plenty of Iraqis do resell all or part of their food baskets. They do that for a variety of reasons. There's nothing illegal about that. There is a secondary market for those foods. Some people give their food baskets to other family members. Others will sell all or part of it. Some of the people don't like the oil that is provided to them or would rather buy local salt than imported salt. All of that makes a secondary market, which is actually healthy. Fundamentally, it is an inefficient system, and it needs to end.

Q: Well, were you seeing as tariff barriers were eliminated and all a flow in from other countries particularly Iran or Jordan?

WARLICK: Well, certainly if you leave aside the food basket itself, there are imports coming into the country in large quantities. To see it, all you have to do is go to a town like Sulaymaniyah that has a relative level of prosperity and see the goods that are being brought in from Iran and Turkey, Syria. It is very impressive. The markets are full. You can find whatever you want. Even in Baghdad, you can go to one particular street where you can find practically any electronic product you want and as well as a vast selection of them from competing outlets. There's no shortage of things like that. As far as the food basket goes, that's a little bit different. When you're importing essentially, when the government is importing 100% of the flour in the country, there's little incentive for private vendors to come and bring more flour into the country. You have a secondary market of reselling flour that was brought into the country, and you have very little market for flour that is imported by private entrepreneur. That's going to have to change and you want to develop a private market. You want to develop a market in those goods in order to monetize them. As a result, you can't establish market price for flour or rice

or oil or salt. It's an artificial price because when the government does all the purchasing all you have is a secondary market.

Q: While you were there, were you making any moves to eliminate part of the food basket?

WARLICK: Yes, but it's a political issue as well. We had made an agreement from the Iraqi government to eliminate lentils from the food baskets. What we did was eliminate pulses from the food basket for the months of June, July and August. We did that partly because Iraqis don't eat lentils in the hot summer months, but also with the hope that they would not be introduced into the food basket in the fall. I'm not sure whether they will be reintroduced, but I hope at least that they will be reduced in the food basket. I think you can do that with other commodities too. One of the commodities in the food basket is infant formula. I think we would like to encourage breast-feeding, so it wouldn't be a bad idea to eliminate infant formula. There are some other items, salt for example or vegetable oil that could be eliminated from the food basket. There are Iraqis who will go along with that. We've been pushing for that. We developed a pilot project that I still hope will be undertaken where we take several thousand households and we monetize; we offer those households money instead of the food item food baskets. I think that will be an important data of how many families will take what amount of money. I've argued for some caution. There are still some Iraqis, but mainly outsiders, that say, "Well, the whole system could be monetized." If it was, I'd argue for some caution because rice and wheat are so vitally important to the country and food supply channels simply can't be disrupted.

Q: Did you see any geographic, ethnic or religious distribution problems? Did some places that needed the help more than others?

WARLICK: Not on that basis. The Iraqis themselves were superb at knowing how much of what commodities needed to get to each area of the country. We would see spot shortages, but often the reason for that was not because of ethnic rivalries or even inefficiencies by the government. Spot shortages were usually caused by security issues. As we got to April, May, June and security situations deteriorated, it was tough to get food in the areas. It was hard. You couldn't get drivers to drive. That was the most serious problem that we faced in the spring. We had a situation in the spring and this was a big challenge for us of hundreds of tons of commodities either in ports, outside the country, all waiting to be delivered, but not enough trucks to deliver them. Drivers were afraid to be on the road and if they were willing to be on the road, they wanted to be paid an absolute premium for doing it or whatever it was. It put us in the position of competing with the private sector; we had to do some pretty fast footwork in order to get the trucks on the road to ensure that there wasn't a food shortage in the country. We managed to do that, but I tell you we were sweating that out. There was a lot of luck involved as well to make sure that that food got through.

Q: Well, was the security situation such that these [trucks] were targeted to destabilize or were they hijacked or was there criminal involvement?

WARLICK: There was all of the above. There were criminal elements out there that were allowed to act. In particular there was the road from the coast in the South up to Basrah, Umm Qasr up to Basrah, Nasiriyah Road where there was just a lot of criminal activity. Drivers were afraid. They were afraid of having their trucks hijacked, of being kidnapped and of being forced to pay exorbitant fees along their routes. It was a bad situation there, and we had to figure out how to deal with it. There were general security issues caused by the coalition forces. I recall it was April and there was a siege at Fallujah and a major supply route from the West from Jordan and even Syria comes through the Al Anbar province where Fallujah is. We locked down all of the roads to make sure that insurgents weren't coming into Fallujah or leaving. You know, you lock down a major supply route and it affects the entire pipeline. It's not just a few trucks, but it stops the entire pipeline. I had not had much experience in logistics before this job, but I can tell you that making sure that there's enough food for 26 and a half million people is an enormous logistics challenge. If you're talking about 50 tons of wheat, oh, you can deliver that anywhere anytime, but when you start talking about hundreds of tons of wheat getting into the country, any disruption in that pipeline have serious adverse consequences.

There was a point where we watched the supply of wheat drop from 45 days surplus to 15 days surplus, and at 15 days you're really starting to really have a problem. Then you're going to start having shortages around the country. Thank goodness we bottomed out about 15 days and then we started to build it up again. But we're talking about at any time, just an incross or port of incross alone, looking at 400 truckloads – big truckloads -- of wheat going through that port in order to simply maintain. We were looking at 200 rail cars per day coming in from Jordan to meet the need, and we weren't able to get rail moving. As you can see, then, it was a big challenge to make sure the food got through and the biggest obstacle to this was security issues.

Q: Were there inhibitions about going to Iran for supplies?

WARLICK: Well, we didn't [go to Iran] as the coalition. We didn't go to Iran. We couldn't as the U.S. government coalition, but we did not discourage the Iraqis from dealing with the Iranians. There was negotiation on a wheat purchase from Iran. The Iranian wheat didn't meet the Iraqi specifications and the costs were very high and the deal was never concluded. We pushed very hard. We would liked to have seen Iraq have the option of using Iranian ports like Bandar Khomeyni to receive wheat and rice and then transport it from Iran. I still believe that that is very viable option. The Iranians have an excellent port and could handle large quantities of wheat when the port in Umm Qasr is very congested with all kinds of reconstruction supplies. I still think that's a viable

option, and I think the Iraqis would like to negotiate a deal to use facilities.

Q: Did the US have to keep its hands off it?

WARLICK: In order to conclude that deal to use Bandar Khomeyni, it required an intensive negotiation on how to do it. Negotiations on, first of all, the costs of using the port and availability of berths, transportation to the border and arrangements in crossing the borders, whose trucks, whose drivers, how much money would change hands and ultimately a political decision probably by the very highest levels in Tehran on whether they were going to cooperate with the Iraqis in that regard. I think that there was a deal to be struck. Financially, it made sense to the Iranians. Politically, it made sense in a lot of ways as well, but it's not easy. Certainly it's a difficult relationship and they'll have to manage that. I'm still hopeful that there will be a deal.

Q: With your Iraqi staff, was there a higher Iraqi authority or were you really running this thing?

WARLICK: We were running it. We were the coalition. We had responsibility for it. As occupying power, at the end of the day the buck stopped with Bremer on this. We took steps the Iraqis didn't like on occasion. We went out even as late as June and made some emergency procurement to ensure there would be no shortages; we did not always see eye-to-eye. Generally, the people in the Ministry of Trade that have traditionally done the procurement are very capable. We worked with them to try to modernize their procurement practices -- a lot of capacity-building there -- very capable group of people. They're now entirely responsible for it. CPA and now the embassy, of course, has no role except to the extent that they want to help people support and are very capable of doing it. There were times that they thought that they could manage and we disagreed. I looked at these emergency procurements as insurance. We went out and made emergency procurements of not wheat, but wheat flour that could be delivered directly to people, and I have no regrets for going out and doing that. Sometimes, we paid a premium. I was worried in June that with the security situation, April and May would be tough months. I was worried that with the transition to CPA to the Iraqi sovereignty that security could deteriorate again. We were building up surpluses and stocks again, but I was worried that we could face a situation where roads locked down. I was anxious to get as much food as we could by July 1st. I went out and made an emergency procurement of wheat flour and we paid more than we should have -- no regrets about that.

Q: Were we keeping tabs or were the Iraqis looking at this Oil-For-Food saying, "This is our money and the feeling that eventually we can get out of this business completely and start putting the money to other uses because this is really almost a band aid?"

WARLICK: Well, there really wasn't new money. We were looking at funds that had been deposited into an escrow account for the remaining prioritized Oil-For-Food

Program contracts. That money will stay in that escrow account. Other Oil-For-Food revenues were transferred into the development fund for Iraq, some of which were transferred to the Kurds in the North. Essentially, though, the money that was used for food purchases was a part of the regular budget of Iraq. I'm not sure that that's really so much of an issue. The funding issue now is there are two sources of funding. One is that there are funds left in escrow accounts in New York to fund remaining Oil-For-Food Program contracts. That still represents billions of dollars, but those are contracts that the Iraqi government has decided yes, they do want to deliver it there in port. Then, there is no longer an Iraqi budget that will provide funds, or in this case, food procurement for other ministries procuring other things that had been procured under Oil-For-Food like medicines or parts. It will have to be budgeted as just any country would do in a normal budgeting process.

Q: What about medicine? Is this part of your portfolio at this time?

WARLICK: It was, although I was not. I was responsible for medicine to the extent that Oil-For-Food funds or existing Oil-For-Food contracts were used to import medicine. So, we still had a lot of medicine coming into the country by virtue of these contracts that had been negotiated earlier. I was not responsible for any new contracts unlike food. Anything that the ministry of health was purchasing, I was not involved in. However, I did work closely with the Ministry of Health to make sure we did get what was on order into the country. They had a good relationship with the WHL, which was helping to facilitate and safeguard the medicines that were coming in.

Q: When you arrived there, how had the debaathification of the administrative process and the looting done to the Ministry of Trade?

WARLICK: Oh, for the Ministry of Trade, debaathification is an ongoing process, but there was certainly much looting and that was very bad. The Ministry of Trade building was essentially destroyed and will need to be rebuilt in a new location. They had quite an extraordinary fair grounds that was looted to the extent that not only did they rip the plumbing out of the building, they dug underground to take the water pipes and sewage pipes out. It was wholesale looting by people that will cost the country billions of dollars and all for what? Some of it was done maliciously.

Q: I was wondering what your Iraqis were saying. Why did this thing happen?

WARLICK: Well, most Iraqis are very angered by the looting that took place. They realized that it was uncalled for. At the time immediately after the invasion and occupation of Baghdad, the Iraqis that I knew were afraid to go outside. They were afraid of criminals. They were afraid of the looters, and they were afraid of their own homes being robbed. They were afraid of the lawlessness that was going on in the streets. So, for weeks afterwards, they essentially hunkered down in their homes to protect

themselves, their families and their personal possessions. When they did open their doors to go out on the streets they found that the city was ravaged. It's extraordinary to see Baghdad. Our bombing campaign in Baghdad was clinical. With the technology we have, we were able to put those smart bombs down on a building and have all the buildings around it standing. That's not what damaged Baghdad. You look around Baghdad now and the city is a wreck. It's a cesspool. Why? Because of the horrible looting that took place afterwards. I don't think even under the best of circumstances the coalition forces could have prevented that. That was not our mission, but it would not have been possible to have given real security to stop endemic looting that was taking place there and the destruction that was done.

Q: Did you find the people with any resentment about why we didn't do something because, as you know, under Saddam life kind of went on. What were you getting?

WARLICK: You know, I think that there was, there was always criticism. Iraqis have never liked our occupation there. Many Iraqis will tell you -- will say admit to you -- they welcomed our liberation of their country, but Iraqis will not say they welcome the presence of the American troops. They recognize that we have to be there in order to provide security. The idea, and this is a very proud people, is that they're not happy to have American troops there occupying their country in any sense of the word. I would say there is probably resentment that we did not come in and protect not just buildings, but people in the wake of the occupation; they feel we have allowed the security situation to deteriorate. The blame was put on us whether you disagree with how fair that accusation is, but I think there is a view that if we're going to occupy the country it's our responsibility to provide the security. They'll face criticism that we haven't done that. Whether we can, even if we have a significant number of forces there, is a question as well.

Q: As you left, did you feel that the people of the Ministry of Trade were sort of glad you were leaving?

WARLICK: Oh, yes, they were anxious on July 1st. They had been looking forward to that date for a long time, and while we had a very good relationship and I would say they were friends, nevertheless, they recognized this is theirs and the Public Distribution System and food procurement is their responsibility. There shouldn't be some group of Americans coming in to do it for them to tell them how to do it and look over their shoulders. On July 1, there was a natural reaction that they wanted to take all of this on; they wanted to do it all themselves; and they wanted us out of the picture understandably. That doesn't trouble me. I hope that as time goes on, they will recognize that not just Americans, but others can bring some skills, some technical skills, and help update the way they do business. We're working with them on technology and training. I think that they'll welcome that.

Q: How about the British in the Southern sector? Were they part of the game that you were dealing with?

WARLICK: The procurement and contract you know, that was done centrally. As a result, we had very little with the British, but I would say that we had excellent cooperation from the British in the Southern sector on security issues. They saw very early that food security was critically important and they provided excellent convoy security. They provided security on certain routes and we welcomed that and because the port, the food deliveries to the port of Umm Qasr, were so critical. We really did come to rely on the British forces to help us and they did.

Q: How about American contractors and others. Were they part of your responsibility?

WARLICK: We did have contractors working for us. Some we actually hired to help us do our jobs better. Some we had a large contract for example with Die Corp to provide security for convoys. I think they were important and necessary for our work, and I'm sure glad that we had them there. Could we have done it without them? Well, in my area we probably could have managed without them, but they were an important resource.

Q: More than security, what about the technical aspects and all?

WARLICK: Many of the people that we had, first of all, were from a wide a range of backgrounds. I had Brits and Australians working for me. We also had U.S. government civil service and Foreign Service on my staff. We had these 3,161 direct hires that came on. Some of them were very skilled.

Q: I'm just wondering, you did not come with technical expertise in running it?

WARLICK: No, I relied on others for that and we had some [good people]. We had USAID contractors. We had people who actually knew how to do procurement. One of the key people that we brought in about March or April was someone who spent his whole life doing procurement for commodities for the USDA. He came and said, "Okay, here's where CPA could do better," but also he was important for training the Iraqis. "Here's how we do it, not like you did it 20 years ago, but here's how the rest of the world does it now." Extraordinary resource.

We also brought in people with other kinds of expertise. We had some military people who had expertise, for example, in logistics who helped us contract. We had some the defense contracts management agency, the defense contract, the defense audit agency. We had a number of people with those kinds of skills that we had on the staff. I mean in my job, I didn't come out at all. I didn't know how. How do you go out and buy 100,000 tons of flour? I didn't really know how to do that, but I did have people that I could call on who could do that and knew how it was done. I learned a tremendous amount. I can

now go off and work at some international grain company. I feel like I actually know a little bit about the business.

Q: What about communication with Washington? Did you have good enough communication so you could say, "Hey, I've got this problem, what do you do about it?"

WARLICK: Well, I had great relations with Washington. The person who asked me to come out here to Baghdad I worked very closely with Iraqi inspection. I was on the phone almost every day and I was certainly in daily e-mail contact with people back in D.C. I worked closely with State, NSC, less with DOD, but also with DOD. I think the channels were open. I would say we had enormous flexibility in making decisions, and no one was looking over my shoulder; they trusted that my judgment was right. Back in Washington, you're often saddled with this horrible clearance process and everyone is second guessing what you're doing. No one was second guessing me. I would speak with Ambassador Bremer every day. I have enormous respect for the man, but he was not saying to me, "Shouldn't you do this or let me clear off on that." He was saying, "Go off and get the job done. If you run into a problem, if there's something I should know about, tell me about it."

Q: Did you have any problem with the American military commanders? From Dr. Crane who was saying that they would try to put in place central policies that the military commanders would not allow gas to be unsubsidized so it was still five cents a gallon or something like that. For example, in your field did you find that the military commanders were looking to keep people happy in their area?

WARLICK: Military commanders became increasingly less important as time went on, but they were still important. I would often hear from them if there was a shortage or a pricing issue or something like that. We would do our best to accommodate. Our interests were getting people fed and making sure that there was satisfaction. So, we didn't disagree on that. We weren't trying to end any subsidies or try to force something like that.