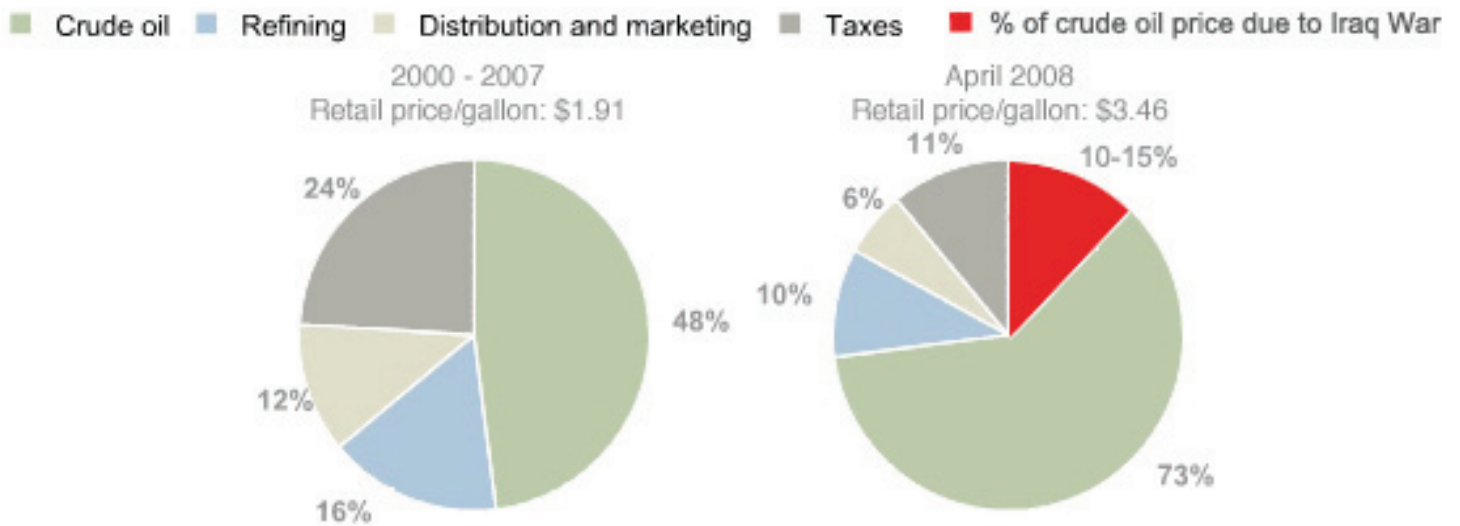


IRAQ WAR A MAJOR FACTOR IN THE RETAIL PRICE OF GASOLINE

On June 5, 2008, CNN ran the pie charts below without the additions that we have made in red. The discussion of the crude oil price accompanying the charts says: "Instability in key oil-producing countries can also affect the supply of crude oil." What it doesn't say is that the Iraq War and the threat it will spread is arguably the largest source of instability.



* The Iraq War is a major factor in the price of crude oil because (1) the war has stunted oil production in Iraq that was expected, before the 2003 invasion and occupation, to rise to meet world demand and (2) because there is fear in the world oil market that the war will spread, for instance to Iran, leading to further disruption in world oil supplies.

Dean Baker, co-director of the Center for Economic and Policy Research has estimated that the Iraq War is contributing 10 – 15% to the price of gasoline at the pump. That the Iraq War is increasing the price of oil on the world market has been noted by Congress' Joint Economic Committee and by Nobel laureate in economics, Professor Joseph Stiglitz, co-author of *The Three Trillion Dollar War*.

The Iraq War began affecting the price of crude oil with the invasion of 2003 although we have not noted this on the 2000-2007 chart.