

**Opening Statement**  
**Senator Byron L. Dorgan**  
**Chairman, Democratic Policy Committee**

**An Oversight Hearing on Contracting Abuses in Iraq**  
**Friday, September 10, 2004**

Today, the Democratic Policy Committee is holding the third in a series of hearings on serious problems with Iraq contracting practices.

We are holding this hearing because it is vitally needed, and because, sadly, no other Senate Committee will do so.

Can you imagine? We have seen one scandal after another involving Iraq contracting – all too often, involving the politically-connected Halliburton Corporation – and yet no other Committee of the U.S. Senate has seen fit to hold a hearing.

Here are just some of the headlines that have appeared in major newspapers about Halliburton's work in Iraq:

- ✓ Houston Chronicle, February 3, 2004  
*Uncle Sam Looks Into Meal Bills; Halliburton Refunds \$27 Million as a Result*
- ✓ Houston Chronicle, February 4, 2004  
*Halliburton Faces Criminal Investigation: Pentagon Proving Alleged Overcharges for Iraq Fuel*
- ✓ Los Angeles Times, February 13, 2004  
*Ex-Halliburton Workers Allege Rampant Waste: They Say the Firm Makes No Effort to Control Costs*
- ✓ Houston Chronicle, May 18, 2004  
*U.S. Questions More Halliburton Meal Charges*
- ✓ Houston Chronicle, July 27, 2004  
*Millions in U.S. Property Lost in Iraq, Report Say; Halliburton Claims Figures Only "Projections"*
- ✓ The Los Angeles Times, August 12, 2004  
*Halliburton Is Unable to Prove \$1.8 Billion in Work, Pentagon Says*

Given this relentless wave of scandals, how can it be that not a single committee in the U.S. Senate, under the control of the majority party, is willing to hold a hearing on this issue?

At least six Democratic Senators have called on committees of jurisdiction to hold hearings on Iraq contracting abuses. But none have been held by the committees controlled by the majority party.

Our current Secretary of Defense once spoke eloquently about the importance of Congressional oversight over government contracts.

In August of 1966, during the Vietnam War, a young Republican Congressman from Illinois named Donald Rumsfeld stood in the floor of the House of Representatives. He delivered a passionate speech about a contract for the construction of air fields in South Vietnam. The work had been awarded largely to a company named Brown and Root, amid charges of cronyism.

This is what Congressman Rumsfeld had to say: "The potential for waste and profiteering under such a contract is substantial." He told his House colleagues that "it is beyond me" why the contract "has not been and is not now being adequately audited."

Of course, the company to which Congressman Rumsfeld was referring, Brown and Root, became a subsidiary of Halliburton, and is now doing much of the Pentagon's contract work in Iraq.

But where is that spirit of accountability?

The last time that the Democratic Policy Committee held a hearing on this issue, a Halliburton whistleblower described a variety of wasteful practices by Kellogg Brown and Root.

One of the whistleblower's stories stuck with me in particular. He described how KBR had been asked to provide a shipment of regular hand towels for the troops. Instead, KBR delivered deluxe towels, with silk embroidering displaying the company's logo – at three times the cost of regular hand towels.

The chairman of Halliburton, Dave Lesar, wrote a letter to the *Washington Post* disputing the towel story, and complaining that we had not given the company a chance to rebut these charges. He insisted that the company supports “aggressive government oversight,” and said that the incident involving the embroidered towels could have been explained away with “one phone call” to the company.

For the record, we would have loved to have had Mr. Lesar testify at our last hearing. And in preparing this hearing, we made sure to pick up the phone and invite Mr. Lesar to testify. He declined. So much for the chairman’s insistence on transparency.

With or without Mr. Lesar’s testimony, we will hear today from two witnesses who have first-hand knowledge about contracting abuses. We will also hear from a group of experts, who will try to put this problem into a broader context. I thank these witnesses for coming forward today.