

Statement of Senator Byron Dorgan
Democratic Policy Committee Hearing on Iraq Contracting Practices

February 13, 2004

Today's hearing is intended to shine a light on Iraq contracting practices.

At the outset, I want to explain why oversight in these matters is important. And to do that, I will borrow a few lines from the Congressional Record, dating back to 1966.

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."

We are holding today's hearing about Iraq construction contracts in precisely the same spirit.

The fact is that this Administration has chosen to award huge contracts without benefit of a competitive, transparent process. And the result has been a steady stream of reports of apparent waste and abuse.

Ironically, many of these reports have involved Halliburton, a company that acquired the successor to Brown and Root, the same company that then-Congressman Rumsfeld had on his mind in 1966.

It is not my intention to make a single company the focus of this hearing. However, it is only natural that much of today's discussion will involve Halliburton – first, because that company has obtained the lion's share of Iraq contract business, and second, because there have been so many reports of problems with Halliburton's contracts.

These reports of waste, individually, are serious enough. But it is important that we determine whether they are symptoms of a larger, more pervasive problem.

For instance, what are we to make of reports that Halliburton charged \$2.64 a gallon to import gasoline into Iraq from Kuwait -- resulting in overcharges well over \$100 million?

Or that Halliburton employees took up to \$6 million in kickbacks to funnel subcontracts to particular Kuwaiti companies?

Or that Halliburton over-charged \$28 million for meals served to troops in Iraq? That, in just one month, that same company billed the U.S. Army for 42,000 meals per day, when it had served only 14,000 meals?

It seems to me that these incidents may well reflect a broad mindset: one that was born on the day that these contracts were awarded without competition, and that was nurtured through a lack of oversight by this current Administration and majority-controlled Congress.

If sunshine is the best disinfectant, then we can only imagine what grows in the dark.

So it falls upon this Committee to call today's hearing. And we have a panel that will hopefully throw some welcome light into this situation.

We will be hearing today from a former Halliburton employee -- who until last August was a field buyer for Kellogg, Brown, and Root in Kuwait. This gentleman has first-hand experience of Iraq contracting practices.

We will also hear from the former director of the Pentagon office responsible for supplying gasoline for U.S. military activities worldwide, who is uniquely qualified to help us assess the issue of gasoline overcharges.

Our other two witnesses will help to put these issues into a broad context, and to determine whether there is a pervasive pattern of waste, fraud, and abuse here.

With that, let me invite Mr. Bunting to begin his testimony.