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## HEARINGS

before the

### Committee on Oversight and Government Reform

# **\*\*Preliminary Transcript\*\***

## HEARING ON ASSESSING THE STATE OF IRAQI CORRUPTION

Thursday, October 4, 2007

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Table of Contents

U.S. House of Representatives

Thursday, October 4, 2007

Committee on Oversight and  
Government Reform

Washington, D.C.

STATEMENT OF:	PAGE
DAVID WALKER, COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE	22
STUART BOWEN, SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION	28
JUDGE RADHI HAMZA AL-RADHI, COMMISSIONER OF PUBLIC INTEGRITY IN IRAQ	34
AMBASSADOR LARRY BUTLER, DEPUTY ASSISTANT SECRETARY FOR NEAR EAST AFFAIRS, U.S. DEPARTMENT OF STATE	110
CLAUDIA ROSETT, JOURNALIST IN RESIDENCE, FOUNDATION FOR THE DEFENSE OF DEMOCRACIES	172

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3 HEARING ON ASSESSING THE STATE

4 OF IRAQI CORRUPTION

5 Thursday, October 4, 2007

6 House of Representatives,

7 Committee on Oversight and

8 Government Reform,

9 Washington, D.C.

10 The committee met, pursuant to call, at 10:05 a.m., in  
11 Room 2154, Rayburn House Office Building, the Honorable Henry  
12 A. Waxman [chairman of the committee] presiding.

13 Present: Representatives Waxman, Davis of Virginia,  
14 Cummings, Tierney, Clay, Watson, Lynch, Higgins, Yarmuth,  
15 Braley, Cooper, Van Hollen, Hodes, Murphy, Sarbanes, Welch,  
16 Burton, Shays, Mica, Platts, Turner, Issa and Sali.

17           Staff Present: Phil Schiliro, Chief of Staff; Phil  
18 Barnett, Staff Director and Chief Counsel; Karen Lightfoot,  
19 Communications Director and Senior Policy Advisor; David  
20 Rapallo, Chief Investigative Counsel; Roger Sherman, Deputy  
21 Chief Counsel; John Williams, Deputy Chief Investigative  
22 Counsel; David Leviss, Senior Investigative Counsel; Suzanne  
23 Renaud, Counsel; Steve Glickman, Counsel; Earley Green, Chief  
24 Clerk; Teresa Coufal, Deputy Clerk; Matt Siegler, Special  
25 Assistant; Caren Auchman, Press Assistant; Leneal Scott,  
26 Information Systems Manager; Kerry Gutknecht, Staff  
27 Assistant; William Ragland, Staff Assistant; Ella Hoffman,  
28 Press Assistant; Sheila Klein, Assistant to Staff Director  
29 and Office Manager; David Marin, Minority Staff Director;  
30 Larry Halloran, Minority Deputy Staff Director; A. Brooke  
31 Bennett, Minority Counsel; Christopher Bright, Minority  
32 Professional Staff Member; Nick Palarino, Minority Senior  
33 Investigator and Policy Advisor; Patrick Lyden, Minority  
34 Parliamentarian and Member Services Coordinator; Brian  
35 McNicoll, Minority Communications Director; Benjamin Chance,  
36 Minority Clerk; and Ali Ahmad, Minority Deputy Press  
37 Secretary.

38           \*Chairman Waxman. The Committee will come to order.  
39           Today's hearing is one of the most important that we  
40 will have this year.

41           President Bush has made Iraq our Nation's top foreign  
42 policy priority. We all know that has meant extraordinary  
43 sacrifices from our troops and their families. Over 3,800 of  
44 our soldiers have been required to make the ultimate  
45 sacrifice in Iraq and another 28,000 have been wounded, and  
46 we have already spent over \$450 billion on the war with  
47 hundreds of billions of more still to come.

48           The Iraq War is the number one issue in all of our  
49 congressional districts and the issue that we have spent the  
50 most time debating here in Congress.

51           Most of our attention has been focused on military  
52 questions. Is the surge working? Can we reduce the number  
53 of troops? Should we set a redeployment date?

54           These are all important questions, but they aren't the  
55 only ones that matter. As General Petraeus has observed,  
56 "There is not a military solution to a problem like Iraq."

57           Political reconciliation is the key to achieving lasting  
58 peace in Iraq, and one of the keys to political  
59 reconciliation is combating corruption. That is why we are

60 holding today's hearing. An honest assessment of corruption  
61 in Iraq will provide insight into whether political progress  
62 is possible.

63 We are very fortunate that David Walker, the Comptroller  
64 General of the General Accountability Office, and Stuart  
65 Bowen, the Special Inspector General for Iraq Reconstruction,  
66 will share their expertise with us this morning.

67 I want to give special thanks to Judge Radhi Hamza al-  
68 Radhi for agreeing to testify. Judge Radhi was the  
69 Commissioner of Iraq's Commission on Public Integrity. He  
70 was appointed to this post by Ambassador Bremer, and his job  
71 was to identify and prosecute corruption in Iraq.

72 Judge Radhi knows too well the horrors of life under  
73 Saddam Hussein. He was one of Saddam's torture victims, and  
74 he never hesitated when our government asked him to take the  
75 dangerous job leading the fight against corruption in Iraq.

76 Christopher Griffith, the Senior Advisor to the U.S.  
77 Office of Accountability and Transparency, told our Committee  
78 that Judge Radhi is "the most honest government of Iraq  
79 official that I have met in my 21 months in this country."

80 Another senior Embassy official told us that Judge Radhi  
81 has a reputation as "courageous, honest and effective."

82           From everything I can tell, Judge Radhi did exactly what  
83 we asked the Iraqis to do. He stood up for freedom, he stood  
84 for democracy, and he stood up for honest government.

85           Now he finds himself without a country. Judge Radhi is  
86 under attack by the Maliki government and he and his family  
87 are the targets of serious and persistent death threats.  
88 Thirty-one of Judge Radhi's employees and 12 of their family  
89 members have been assassinated. He can't return to Iraq, and  
90 he is seeking asylum in the United States.

91           Judge Radhi will tell us there is an epidemic of  
92 corruption in Iraq. While he served as the head of the  
93 Commission on Public Integrity, he opened 3,000 corruption  
94 cases. He found extensive corruption throughout the  
95 government, especially in the Ministries of Defense, Interior  
96 and Oil. In all, his efforts identified 18 billion dollars,  
97 a staggering sum, lost to corruption.

98           Judge Radhi will tell us that corruption is undermining  
99 political reconciliation, turning ordinary Iraqis against the  
100 government and fueling the insurgency.

101           The Maliki government is our ally in Iraq, but we need  
102 to ask: is the Maliki government too corrupt to succeed? If  
103 the Maliki government is corrupt, we need to ask whether we

104 could in, good conscience, continue to sacrifice our blood  
105 and tax dollars to prop his regime.

106 These are important questions, but they are questions  
107 that Secretary Rice and the State Department do not want us  
108 to raise.

109 For the last several weeks, the Committee staff has been  
110 interviewing the State Department officials in charge of  
111 anti-corruption efforts in Iraq. What we have learned is  
112 that these efforts appear to be in a complete state of  
113 disarray. The Committee's investigation has revealed that  
114 anti-corruption efforts are dysfunctional, underfunded and a  
115 low priority.

116 The officials we interviewed told us on the record that  
117 the State Department has no coordinated strategy for fighting  
118 corruption. At key meetings of the Embassy's Anti-corruption  
119 Working Group, almost no one shows up. One official told us:  
120 "I would like to be able to say that we have done quite a bit  
121 in this area, but unfortunately we have not."

122 Another officials, Judge Arthur Brennan, the former  
123 Director of the Office of Accountability and Transparency at  
124 the U.S. Embassy in Baghdad, said, "I think Ambassador  
125 Crocker was serious about going forward on this, but I don't



126 think everybody is serious about it, and if they are serious  
127 about it, then somebody else should have been doing their  
128 job."

129           Incredibly, Secretary Rice directed these officials not  
130 to answer any questions about the extent of corruption in  
131 Iraq and its effect on political reconciliation and the  
132 insurgency. Her position is that all information that  
133 reflects poorly on the Maliki government is classified.

134           At one point, my staff asked an official whether he  
135 agreed with a public statement of Secretary Rice praising the  
136 anti-corruption efforts of the Iraqi Interior Ministry. The  
137 official told us, and this is a U.S. official, "I cannot  
138 discuss this in an open forum."

139           The State Department even retroactively classified memos  
140 about corruption in Iraq after the Committee requested them.  
141 These efforts to silence debate are an absolute  
142 embarrassment.

143           My staff prepared a memorandum that summarizes both what  
144 these officials told us about the state of U.S. anti-  
145 corruption efforts and what they could not tell us about the  
146 state of corruption in Iraq, and without objection, I will  
147 make this memorandum part of today's hearing record.

148 [The referenced information follows:]

149 \*\*\*\*\* INSERT \*\*\*\*\*

150           \*Chairman Waxman. Sometimes this Committee breaks down  
151 along party lines during hearings, and I hope that won't be  
152 the case today. Whether one supports or opposes the  
153 President's policy, we can't ignore the reality of corruption  
154 in Iraq, and we can't ignore the reality that corruption is  
155 undermining the political progress our troops are fighting  
156 and dying for.

157           If we are going to invest more lives and billions more  
158 dollars in Iraq, we need to know whether there is a political  
159 will in Iraq to succeed. That is why today's hearing is so  
160 essential.

161           I want to recognize the Ranking Member, Tom Davis, for  
162 his opening statement.

163           [Prepared statement of Chairman Waxman follows:]

164           \*\*\*\*\* INSERT \*\*\*\*\*

165           \*Mr. Davis of Virginia. Thank you, Mr. Chairman.

166           It is a sovereign responsibility of every democratic  
167 government to root out and prosecute official corruption.  
168 Sustaining the trust and confidence of the governed requires  
169 proactive visible programs to deter and punish those who  
170 would plunder the public resources for private gain.

171           We need to be vigilant about fighting corruption here at  
172 home as the Chairman often reminds us, and we should help  
173 emerging democracies build their capacity to combat for  
174 pervasive deep-rooted malfeasance.

175           This hearing an important and timely opportunity to  
176 assess U.S. Government efforts to nurture anti-corruption  
177 capabilities in the fledgling government of Iraq, but I have  
178 some concerns about the majority's stated intention to  
179 investigate the status of Iraqi corruption and the  
180 functioning of Iraqi government ministries.

181           Good government and, small d, democrats in Iraq don't  
182 need to be lectured by this Committee on the extent of  
183 corruption in their country. They need our help in building  
184 the structures, policies and processes to fight it, and we  
185 can't afford to be naive or wear cultural blinders when  
186 looking at ways to address a longstanding, deeply ingrained

187 problem.

188 We didn't bring corruption to Iraq, and it won't stop  
189 when we leave. Saddam Hussein's looting of the United  
190 Nations Oil for Food Program was emblematic of the leaky  
191 economic systems and corrupt habits the current government  
192 inherited.

193 Coalition Provision Authority Order 55, establishing the  
194 Iraqi Commission on Public Integrity, acknowledged the battle  
195 against corruption is a long term struggle that requires  
196 lasting commitment to change behavior at all levels of  
197 government. Today, despite creation of national enforcement  
198 systems in Iraq and U.S. Embassy programs to mentor  
199 inspectors and judges, it seems that commitment has yet to  
200 materialize either in their government or ours.

201 According to the same CPA order, anti-corruption  
202 programs in Iraq have long been viewed as arbitrary and  
203 intermittent. Apparently, they still are. The former head  
204 of Iraq's main anti-corruption investigatory body, Judge  
205 Radhi, joins us this morning to describe the many challenges  
206 he faced trying to investigation corruption claims in a  
207 society splintered by sectarian violence and political score-  
208 settling.

209           Our efforts so far don't appear to have helped much. A  
210 very cogent embassy-consolidated anti-corruption strategy was  
211 put together but just a year ago. It looks good on paper,  
212 but like other capacity-building programs in Iraq our anti-  
213 corruption assistance has suffered from missed deadlines,  
214 shifting priorities, structural instability and lack of  
215 strong leadership.

216           In fact, evidence of that organization disarray  
217 triggered this hearing. A draft statistical report  
218 commissioned by the U.S. Embassy Office of Accountability and  
219 Transparency on corruption investigations by Iraqi agencies  
220 was embellished with hearsay and anecdotes about blocked  
221 cases and official favoritism.

222           Before being vetted or finalized, it was leaked to the  
223 media. The State Department then turned light comedy into  
224 high farce by classifying the report which was already on the  
225 internet because it said things everyone had already heard  
226 about lax anti-corruption enforcement in Iraq.

227           But there are serious questions we need to address  
228 today. What should we do to help the Iraqis fight  
229 corruption, mindful that they are a sovereign nation? What  
230 can we do, given the current security environment, and what

231 will we do to implement an effective strategy to help the  
232 Iraqis help themselves?

233 The answers matter, not just to accountants and lawyers,  
234 but to all Iraqis and every American there. Funds stolen  
235 from the people of Iraq sap the growth of civil society and  
236 fuel lawlessness and violence.

237 Finally, there is no avoiding the unmistakable subtext  
238 of this hearing, the premise that a corrupt Iraqi government  
239 doesn't merit further American sacrifice or life or treasure.

240 By that measure, some would have the United States cede  
241 our sovereignty to groups like Transparency International and  
242 disavow anyone too far down their annual list of corrupt  
243 states, but that is far too narrow a view of how the most  
244 powerful Nation on Earth determines who to befriend and where  
245 to pursue our interests.

246 As one political veteran observed, having discovered an  
247 illness, it is not terribly useful to prescribe death as a  
248 cure. We can help the Iraqis treat the disease of official  
249 corruption without killing their chance to stand as an  
250 independent sovereign nation.

251 Let me thank you, Mr. Chairman, for agreeing to our  
252 request to invite Ms. Claudia Rosett to testify. We are

253 disappointed that she is not in the first panel, and we have  
254 to go to a third panel to hear her.

255 All our witnesses today bring important information to  
256 this discussion, and their unique perspectives will add depth  
257 and context to our oversight.

258 Thank you.

259 [Prepared statement of Mr. Davis of Virginia follows:]

260 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*



261 \*Chairman Waxman. Thank you, Mr. Davis.

262 For our first panel, we have Judge Radhi Hamza al-Radhi,  
263 former head of the Iraqi Commission on Public Integrity.

264 \*Mr. Mica. Mr. Chairman.

265 \*Chairman Waxman. Yes. Does the gentleman seek  
266 recognition?

267 \*Mr. Mica. Point of order, I would ask regular order so  
268 that members be allowed to present opening statements. I did  
269 have one if I could be allowed.

270 \*Chairman Waxman. Well, I am sorry the rules do not  
271 require that members give opening statements. The practice  
272 of this Committee under Chairmen Burton and Davis was not to  
273 give the right to all members to offer opening statements, so  
274 we will proceed under the rules.

275 Judge Radhi Hamza al-Radhi, former head of the Iraqi  
276 Commission on Public Integrity, Mr. David Walker, Comptroller  
277 General of the United States, and Mr. Stuart Bowen, Special  
278 Inspector General for Iraq Reconstruction, we are please to  
279 welcome all of you to our Committee today.

280 The practice of this Committee is to take all testimony  
281 under oath. So if you would please rise and raise your hand.  
282 I would like to administer the oath to you.

283 [Witnesses sworn.]

284 \*Chairman Waxman. The record will reflect the fact that  
285 each of the witnesses answered in the affirmative.

286 \*Mr. Davis of Virginia. Mr. Chairman, could we have the  
287 translator identified for the record please?

288 \*Chairman Waxman. Yes. Could the translator identify  
289 herself?

290 \*Ms. Behrens. Nina K. Behrens, The Department  
291 Interpreter.

292 \*Chairman Waxman. Thank you very much.

293 I would like to suggest that when we get to questions,  
294 because we do have a translator, that each member be given  
295 seven minutes because it will take time for translation.

296 \*Mr. Davis of Virginia. Mr. Chairman, I would just  
297 insist on regular order. We had asked that our witness be  
298 put in the first panel which would have expedited and, I  
299 think, allowed for that, but since we are not going to get to  
300 our witness until the third panel, we want to move things  
301 along.

302 \*Chairman Waxman. Okay, then we will go to five minute  
303 intervals. We did accommodate the minority at their request  
304 for the witness, but apparently not exactly where they would

305 like to have her.

306 We would like to hear from each of you, starting with

307 General Walker if we might.

308 STATEMENTS OF DAVID WALKER, COMPTROLLER GENERAL OF THE UNITED  
309 STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; JUDGE RADHI  
310 HAMZA AL-RADHI, COMMISSIONER OF PUBLIC INTEGRITY IN IRAQ; AND  
311 STUART BOWEN, SPECIAL INSPECTOR GENERAL FOR IRAQ  
312 RECONSTRUCTION

313 STATEMENT OF DAVID WALKER

314 \*Mr. Walker. Thank you, Chairman Waxman, Mr. Davis.  
315 Pleasure to be back before the House Government Reform  
316 Committee.

317 I am pleased to be here today to discuss the GAO report  
318 that we issued today on U.S. Efforts to Build the Capacity of  
319 Iraqi Ministries. It is my understanding it has been  
320 provided to this Committee.

321 The development of competent and loyal government  
322 ministries in Iraq is critical to stabilizing that country.  
323 Iraq's 34 ministries are responsible for ensuring security  
324 through the armed forces and police and providing essential  
325 government services such as electricity, water and health  
326 care. The ministries are Iraq's largest employer with an  
327 estimated 2.2 million government workers.

328 U.S. efforts to build the capacity of Iraqi ministries  
329 include programs to advise and help Iraqi government  
330 employees to develop the skills to plan programs, execute  
331 budgets and deliver effective services.

332 In 2005 and 2006, the United States provided 169 million  
333 for programs to help build the capacity of key civilian and  
334 security ministries. The administration received an  
335 additional 140 million fiscal year 2007 and requested 255  
336 million for fiscal year 2008.

337 In doing this report, we traveled to the region  
338 including Baghdad, interviewed officials from U.S. Government  
339 and other international organizations and collected other  
340 information that was available for us to review.

341 In summary, we found the following: U.S. efforts to help  
342 the capacity of the Iraqi national government have been  
343 characterized by, first, multiple U.S. agencies leading  
344 efforts without overarching direction from a lead agency or a  
345 strategic plan that integrates these various efforts and,  
346 secondly, shifting time frames and priorities in response to  
347 varying and sometimes deteriorating conditions in Iraq.

348 U.S. efforts to develop Iraqi ministerial capacity face  
349 four key challenges that pose risk to their success and long

350 term sustainability. These include significant shortages of  
351 Iraqi ministry employees with the necessary skills and  
352 knowledge to conduct key tasks, sectarian influence over the  
353 militia infiltration of some ministries, corruption within  
354 the ministries and poor security conditions that endanger  
355 employees and cause skilled workers to leave the country.

356 The U.S. Government is beginning to develop an overall  
357 strategy for ministerial capacity development although  
358 agencies have been implementing separate programs since 2003.

359 GAO's work in this area shows that the overall strategy  
360 for capacity development should include, first, a clear  
361 purpose, scope and methodology; secondly, a delineation of  
362 U.S. roles and responsibilities in coordination with other  
363 donors including the United Nations; third, clear goals and  
364 objectives linked to Iraqi priorities; and, fourth,  
365 performance measures and milestones; and last, fifthly, the  
366 costs, resources needed and assessment of program risk.

367 Individual U.S. capacity development efforts have  
368 included some but not all of these components. All are  
369 necessary for sustainable success.

370 We, therefore, have recommended to the State Department  
371 that it, in conjunction with the Iraqi government, complete

372 an overall strategic and integrated strategy for U.S.  
373 capacity development efforts. Congress, we believe, should  
374 also consider conditioning future appropriations on the  
375 completion of such a strategy.

376 Two other things, Mr. Chairman, first, we at GAO are  
377 attempting to lead by example in providing capacity-building  
378 assistance to our counterpart organization, the Board of  
379 Supreme Audit in Iraq. I have met with my counterpart on  
380 more than one occasion, both in Iraq and in the United  
381 States.

382 We are providing a lot of technical support and  
383 training, and we are also encouraging other countries in the  
384 region to be able to provide support to the Board of Supreme  
385 Audit as well. I am pleased that progress has been made  
386 there.

387 Secondly, I think it is also important to recognize that  
388 while it is unrealistic to expect that the United States is  
389 going to have more allies provide troops in Iraq, that it is  
390 very important and appropriate that our allies do more to try  
391 to help with regard to this capacity-building effort,  
392 especially with regard to civilian ministries because there  
393 is significant expertise available among our allies and among

394 international organizations, and hopefully that will be  
395 forthcoming in the future.

396 Thank you very much, Mr. Chairman.

397 [Prepared statement of Mr. Walker follows:]

398 \*\*\*\*\* INSERT \*\*\*\*\*



399           \*Chairman Waxman. Thank you very much, Mr. Walker.  
400           Mr. Bowen, let's hear from you next.

401           STATEMENT OF STUART BOWEN

402           \*Mr. Bowen. Thank you. Good morning, Chairman Waxman,  
403           Ranking Member Davis, members of the Committee. Thank you  
404           for this opportunity to testify before you today on the  
405           important subject of this hearing, the State of Iraqi  
406           Corruption.

407           This past August, I visited Iraq for the seventeenth  
408           time since my appointment three and a half years ago as the  
409           Special Inspector General for Iraq Reconstruction. While in  
410           Baghdad, I met with key Coalition and Iraqi officials on the  
411           subject of corruption within the government of Iraq.

412           SIGIR has regularly reported on this issue over the  
413           course of our 14 quarterly reports, and we conducted 2 audits  
414           on the subject of U.S. support for Iraqi anti-corruption and,  
415           in a word, found that support has been disappointing.

416           Corruption within Iraq's government is a significant and  
417           serious problem. It is an Iraqi problem which the government  
418           of Iraq has recognized. A recent report submitted by Iraq

419 pursuant to the requirements of the recently enacted  
420 International Compact for Iraq identified "high levels of  
421 corruption and an immature accountability framework" within  
422 the government of Iraq. So it is something that the Iraqi  
423 government on the record recently has recognized.

424 As the Ranking Member pointed out, we did not bring  
425 corruption to Iraq, and it will not be gone whenever we  
426 leave, but it is an issue that fundamentally can undermine  
427 our efforts to build a democracy, a fledgling democracy.

428 Since mid-2003, Iraq has struggled against a violent  
429 insurgency. Corruption has concomitantly afflicted the Iraqi  
430 government, exerting a corrosive force upon its growing  
431 democracy.

432 SIGIR has described that force as a second insurgency.  
433 Prime Minister Maliki recently echoed that sentiment when he  
434 referred to the struggle against corruption as "the second  
435 war in Iraq," and Deputy Prime Minister Barham Salih told my  
436 office that corruption "threatens the state."

437 So there is a recognition, but is there a response?

438 That is the subject, I think, of an important aspect of  
439 this hearing. What response is forthcoming, both within the  
440 U.S. program and within the Iraqi government?

441           Within the Iraqi government, there are three key  
442 entities who have charge of fighting this second insurgency.  
443 The Board of Supreme Audit has been around since 1927. It is  
444 the analogue to the Government Accountability Office and its  
445 focus is on the audit of Iraqi ministries.

446           The Commission on Public Integrity and the Iraqi  
447 Inspector General system was created in 2004 by the Coalition  
448 Provisional Authority. Judge Radhi, who was the Commissioner  
449 until recently of the CPI, is someone with whom I have met on  
450 every trip I have made to Iraq, virtually every trip, and his  
451 office and my office work very closely on our investigations  
452 and exchange information as relevant.

453           His office along with the 29 IGs and the Board of  
454 Supreme Audit comprise 4,000 officials assigned to fight  
455 corruption, but the tide of corruption continues to rise, and  
456 the problem is as bad today as it has ever been although they  
457 may have deterred some crime and there have been some  
458 prosecutions. Over the past year, the number of corruption  
459 cases under investigation by the CPI has increased by 70  
460 percent. Similarly, individual Iraqi ministries have  
461 reported dramatic increases in corruption cases.

462           There are three significant challenges confronting the

463 effort of Iraqi ministries, these Iraqi corruption-fighting  
464 entities, to fight corruption within their ministries:  
465 security, politicization of the rule of law and capacity.

466 Security afflicts and inhibits everything that Iraqi  
467 tries to accomplish in recovering from the attack. The first  
468 president of the Board of Supreme Audit was murdered two and  
469 a half years ago.

470 President Abd el-Basit succeeded him, but his office  
471 itself has also been under direct attack. This last May,  
472 Ministry of Interior guards came and had a standoff with  
473 President Basit's security guards. It resulted in a peaceful  
474 resolution, but that is the kind of intimidation that is  
475 going on in Iraq.

476 At least 31 employees of the CPI have been killed, and  
477 judges and judicial investigators are also subject to threat.  
478 This last trip I met with a chief judge of a district in  
479 Iraq, and he complained to me that his investigators are not  
480 permitted to carry weapons. Thus, his judges and the judges  
481 across Baghdad are subject to continual threat and attack for  
482 that matter.

483 The politicization of the rule of law reflected in  
484 provisions like Article 136(b) of the Iraqi Criminal Code

485 which permits any minister to exempt any employee accused of  
486 corruption from prosecution for that crime, and also that  
487 same provision protects any member of the military and any  
488 member of the police force. That sort of provision is  
489 incompatible with a growing democracy.

490 Exacerbating that legal provision is the directive from  
491 the Prime Minister's Office issued this spring that required  
492 Judge Radhi with the Commission on Public Integrity to seek  
493 permission from the Prime Minister's Office before  
494 instituting any investigation of any minister or former  
495 minister.

496 U.S. assistance to the anti-corruption effort in Iraq  
497 amounts to around \$65 million as our audit last year pointed  
498 out, less than one half of 1 percent of the Iraq Relief and  
499 Reconstruction Fund. This is a disappointing investment.

500 More important, notwithstanding the funds invested, the  
501 planning has been weak, and that is what the core finding of  
502 our audit of last July pointed out.

503 We had 12 recommendations. Out of that audit, the  
504 Office of Accountability and Transparency was formed. There  
505 has been some progress. An advisor to the IGs was appointed.  
506 An advisor to the Board of Supreme Audit was appointed.

507           Those are good steps, but more needs to be done. Most  
508 of those recommendations stand open, and we continue to work  
509 and hope to work with the CPI under its new leadership with  
510 the Inspectors General and the Board of Supreme Audit. I  
511 will meet with each of them in November when I return to  
512 Iraq.

513           Thank you for this time to address you, and I look  
514 forward to your questions.

515           [Prepared statement of Mr. Bowen follows:]

516           \*\*\*\*\* INSERT \*\*\*\*\*

517           \*Chairman Waxman. Thank you very much, Mr. Bowen.  
518           Judge al-Radhi, there is a button on the base of your  
519 microphone.

520           STATEMENT OF JUDGE RADHI HAMZA AL-RADHI

521           \*Mr. al-Radhi. Thank you, Mr. Chairman and members of  
522 the U.S. Congress.

523           I would like to read my statement to you in English so  
524 you can hear it directly from me.

525           I am Judge Radhi Hamza al-Radhi, Commissioner of the  
526 Commission on Public Integrity, CPI, Republic of Iraq. I  
527 have the honor to be here among you today to discuss with you  
528 the most important problems facing Iraq after the elimination  
529 of the dictator, Saddam Hussein.

530           I want to thank the American people who have given their  
531 lives and money in order to achieve noble goals in Iraq such  
532 as ending the suffering and spreading democracy. Thank you  
533 thousands of times.

534           In my written testimony, I highlighted the reasons for  
535 an Iraqi Commission on Public Integrity, my appointment as  
536 Commissioner and my background and discussed much of our

537 work.

538 Our work has been noteworthy, but I must report that  
539 corruption in Iraq today is rampant across the government,  
540 costing tens of billions of dollars, and has infected  
541 virtually every agency and ministry including some of the  
542 most powerful officials in Iraq.

543 Corruption has stopped possible advances by the  
544 government on the political level, on economic  
545 reconstruction, on basic services, amenities and  
546 infrastructure, and on the rule of law.

547 Corruption has contributed to the failure of the  
548 government of Iraq to control the militias that control parts  
549 of the government. In fact, corruption has helped fund  
550 sectarian militias and violence even from those in the Iraqi  
551 military and police who are supposed to maintain order and  
552 protect the Iraqi people.

553 Unfortunately, today in Iraq, corruption has infected  
554 our biggest source of money: oil. Corruption has also  
555 infected those who have the guns to restore law and order and  
556 the leadership who promise a new, better Iraq.

557 I have led my life governed by these few words: law is  
558 above all, no one is above the law.



559           This guiding principle should apply to all government  
560 departments and ministries neutrally, fully and without  
561 regard to sect, ethnic or party affiliation, tribe or  
562 religion. That is how we have tried to operate the  
563 Commission on Public integrity in Iraq. Unfortunately, we  
564 have been met with great problems. First and foremost is the  
565 violence and personal attacks directed on us.

566           Since the establishment of the Commission on Public  
567 Integrity, 31 employees have been killed as well as at least  
568 12 family members. In a number of cases, my staff and their  
569 relatives have been kidnapped or detained and tortured prior  
570 to being killed.

571           Many of these people were gunned down at close range.  
572 This includes my staff member, Mohammed Abd Salif who was  
573 gunned down with his seven month pregnant wife.

574           In one case of targeted death and torture, the security  
575 chief on my staff was threatened with death many times. His  
576 father was recently kidnapped and killed because of his son's  
577 work at CPI. His body was found hung on a meat hook.

578           One of my staff members who performed clerk duties was  
579 protected by my security staff, but his 80 year old father  
580 was kidnapped because his son worked at CPI. When his dead

581 body was found, a power drill had been used to drill his body  
582 with holes.

583 Waleed Kashmoula was the head of CPI's Mosul branch  
584 office. In March, 2005, a suicide bomber met with Waleed in  
585 his office, wearing a suicide vest. He greeted Waleed and  
586 then set off his vest, killing Waleed. This was a targeted  
587 killing of CPI leadership.

588 These are just a few examples. There are many more  
589 which were directed to my staff, me and our families.  
590 Personally, for example, my family's home has been attacked  
591 by rockets. I have had a sniper bullet striking near me as I  
592 was outside my office.

593 We have learned the hard way that the corrupt will stop  
594 at nothing. They are so corrupt that they will attack their  
595 accusers and their families with guns and meat hooks as well  
596 as counter charges of corruption. I and many of my people  
597 have been so attacked, so too have others who have tried to  
598 stop the corruption.

599 It is a sick method when the person fighting corruption  
600 is falsely accused of corruption. Justice loses and  
601 corruption wins.

602 The Prime Minister and his government have refused to

603 recognize the Commission's and the Judiciary's independence  
604 under the law to investigate corruption in a non-sectarian  
605 and non-political manner.

606 Further, the government did not appoint leaders,  
607 particularly ministers and inspectors general, that would  
608 fight corruption within ministries. In order to promote  
609 sectarian agendas, professional technocrats who were  
610 qualified to perform vital government services and  
611 administration were not appointed.

612 Worse, the government has formally blocked actions  
613 against the Presidency, the Council of Ministers and former  
614 and current ministers; used the executive law to allow  
615 ministers and the Prime Minister to stop specific corruption  
616 cases against their own corrupt employees and officials; and  
617 has promoted sectarian agendas over the rule of law.

618 Importantly, it has been impossible for the Commission  
619 on Public Integrity to safely and adequately investigate oil  
620 corruption where Sunni and Shia militias had control of the  
621 metering, transport and distribution of Iraqi oil. This has  
622 resulted in the Ministry of Oil effectively financing  
623 terrorism through these militias.

624 And, my small group of investigators investigated the

625 largest number in the Ministry of Defense and Ministry of  
626 Interior. As you might imagine, investigating the security  
627 forces of Iraq is very difficult but necessary for an Iraqi  
628 future of transparency and the rule of law.

629 Thank you for your attention and patience and feel free  
630 to ask any questions.

631 [Prepared statement of Judge al-Radhi follows:]

632 \*\*\*\*\* INSERT \*\*\*\*\*

633           \*Chairman Waxman. Thank you very much, Judge Radhi.

634           I am going to start off the questions, and then we will  
635 follow the regular order.

636           I want to thank all three of our witnesses for your  
637 presentation in this panel.

638           I think it is very important for us to understand that  
639 corruption is a problem in Iraq, and it is not a problem that  
640 we can think is only unique to their culture and we should  
641 dismiss, but it is undermining our very mission in Iraq. It  
642 is keeping the possibility of a political reconciliation from  
643 taking place which is the only way we are going to end this  
644 war in Iraq successfully.

645           Judge Radhi, I want to specially thank you for coming  
646 here today. It is not easy to come to speak before a foreign  
647 country's representatives in a foreign language, and I  
648 appreciate your taking the time to read your statement in  
649 English, but I know that in response to questions you will  
650 want to answer us in Arabic and have it translated.

651           It is very courageous for you to be here. You have  
652 already told us that your life and the lives of your family  
653 members have been threatened, and you can't take that  
654 casually when you have already seen 31 people that work for

655 you already killed for the anti-corruption efforts that your  
656 commission has undertaken.

657 You have undertaken this effort at the United States'  
658 request. Ambassador Bremer asked you to take on this  
659 responsibility. The United States understood from the very  
660 beginning that it was essential to stop corruption in order  
661 to have Iraq succeed as a stable and independent country.

662 Let me ask you this question. You have been there for a  
663 number of years in this position as head of the Commission on  
664 Public Integrity. Based on your experience over the last  
665 three years, is corruption in Iraq getting better or worse?

666 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, it is  
667 getting worse because of the sectarianism in the country and  
668 the lack of the rule of law in the country.

669 \*Chairman Waxman. You indicated in your statement that  
670 \$18 billion is a sum that you feel has gone to the costs of  
671 corruption. Eighteen billion dollars is a lot of money. It  
672 could have gone to electricity projects, hospitals, police  
673 training or a lot of things that could have helped the Iraqi  
674 people.

675 How much does corruption affect the reconstruction  
676 efforts in Iraq?

677           \*Mr. al-Radhi. [Translated by Ms. Behrens.] I believe  
678 that it has stopped the process of reconstruction in Iraq.

679           \*Chairman Waxman. You have indicated that some of the  
680 money has gone to the sectarian militias. How would that  
681 have happened?

682           \*Mr. al-Radhi. [Translated by Ms. Behrens.] In areas  
683 where oil is present, such as Bayji and it is a Sunni-  
684 controlled area and Basrah which is a Shia-controlled area,  
685 the militias do control these areas, and they sell oil and  
686 take the revenues of oil to finance the purchase of weapons  
687 to the militias, respective militias.

688           \*Chairman Waxman. I would think that the Iraqi  
689 government would want you to investigate money that would go  
690 from the sale of its oil. After all, this is a revenue for  
691 the government of billions of dollars. Yet, you are not  
692 allowed to investigate corruption relating to the sale of  
693 oil.

694           Why would the national government stop you from stopping  
695 the corruption of oil sales which then go to the militias  
696 that are fighting the government?

697           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Because  
698 these militias are from the parties, from the blocks, and

699 therefore this is a financial source or financial revenue for  
700 them, and that is why they forbid us from investigating such  
701 cases.

702 In addition, that those who manage who direct these  
703 directorates are from their own political affiliations.

704 \*Chairman Waxman. So it is your statement to us that  
705 around \$18 billion, maybe more, has been used for corruption  
706 instead for proper purposes like reconstruction, hospitals,  
707 electricity and fighting against terrorism in Iraq. Is that  
708 your statement?

709 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Can you  
710 repeat the question, Mr. Chairman?

711 \*Chairman Waxman. Is it your view that \$18 billion is  
712 not being used for hospitals, reconstruction, electricity and  
713 to even fight terrorism because it is being siphoned off by  
714 corruption? It is going to corruption?

715 \*Mr. al-Radhi. [Translated by Ms. Behrens.] All these  
716 amounts were spent over the three years, but when you go the  
717 field or you go to the ground, you don't see signs of  
718 reconstruction. You only see 2 percent to 5 percent of  
719 reconstruction happening.

720 When you go to the field and you don't find water nor



721 electricity nor fuel and Iraq is the country of oil, then  
722 Iraq is importing oil now. So you don't see reconstruction.

723 \*Chairman Waxman. Thank you.

724 General Walker, you feel so intense about this  
725 corruption issue that you have even recommended to us that we  
726 should limit our money to Iraq, requiring them before they  
727 get the money to stop the corruption. Is that your view?

728 \*Mr. Walker. Slightly different, Mr. Chairman. The  
729 United States has been trying to help fight corruption and  
730 build capacity in the Iraqi ministries since 2003, but we  
731 haven't had a strategic and integrated plan. We haven't had  
732 appropriate metrics and milestones. We haven't had  
733 appropriate responsibility and accountability noted.

734 Therefore, we believe that the Congress should consider  
735 conditioning future appropriations for this effort to making  
736 sure that that plan is done and effectively implemented so  
737 that we can achieve some results rather than just have more  
738 efforts.

739 \*Chairman Waxman. Thank you.

740 Mr. Bowen, do you agree from your observations in Iraq  
741 that corruption is increasing rather than decreasing in Iraq?

742 \*Mr. Bowen. That is what I said. The rising tide is in

743 part attributable to the politicization of the rule of law,  
744 specifically the directive from the Prime Minister's Office  
745 requiring permission to be obtained before initiating  
746 prosecutions of any minister, former minister and the like.

747 One distinction I want to draw here, though, is that  
748 Judge Radhi is talking about his oversight of Iraqi money and  
749 the \$18 billion in the Iraq Relief and Reconstruction Fund is  
750 taxpayer money that is not within his jurisdiction, within  
751 mine.

752 \*Chairman Waxman. As I understood his statement, he  
753 thought over a three year period, there has been a waste of  
754 \$18 billion of Iraqi funds.

755 \*Mr. Bowen. Right. I just want to be sure that the \$18  
756 billion, it is the same number as the Iraq Relief and  
757 Reconstruction Fund.

758 \*Chairman Waxman. Just happens to be the same number.

759 \*Mr. Bowen. Yes, I want to draw the distinction between  
760 the two so there is not confusion as has occurred in the  
761 past. On the U.S. side, corruption has not be a significant  
762 component to date that we have uncovered.

763 \*Chairman Waxman. If I asked how high up in the Iraqi  
764 government this corruption goes, Judge Radhi, does it go all

765 the way to the Prime Minister? Do you think that Prime  
766 Minister Maliki is involved in corruption himself?

767 \*Mr. al-Radhi. [Translated by Ms. Behrens.] As a  
768 judge, I cannot say that someone is engaged in something  
769 unless I have evidence and proof. However, Maliki has  
770 protected some of his relatives that were involved in  
771 corruption endeavors and specially some of his relatives

772 \*Chairman Waxman. And he has allowed other ministers to  
773 protect their employees from any investigation?

774 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, and  
775 for that reason the Council of Ministers, the Prime Minister  
776 has closed cases related to 100 billion Iraqi dinars and, in  
777 Iraqi currency, such an amount is not a small amount.

778 \*Chairman Waxman. Thank you very much.

779 Mr. Davis.

780 \*Mr. Davis of Virginia. Thank you, Mr. Chairman.

781 First of all, let me ask unanimous consent that all  
782 members have five legislative days to submit opening  
783 statements for the record.

784 \*Chairman Waxman. Without objection, that will be the  
785 order.

786 \*Mr. Davis of Virginia. Mr. Walker, the GAO report

787 released today discusses corruption in Iraq and references to  
788 a State Department Embassy report from December of 2006.

789 \*Mr. Walker. That is correct.

790 \*Mr. Davis of Virginia. Can you tell us anything about  
791 this 2006 report which is now classified?

792 \*Mr. Walker. What I can tell you is that the 2006  
793 report, based upon publicly available information, noted  
794 serious concerns with regard to the nature and extent of  
795 corruption in Iraq, also noted that there had been  
796 significant diversion of oil and fuel, both fuel and oil that  
797 is produced within Iraq as well as that is purchased from  
798 outside of Iraq, and then stolen and sold on external  
799 markets.

800 So the bottom line is that the State Department report  
801 noted that the U.S. is trying hard to try to build capacity,  
802 including to try to fight corruption, but corruption is a  
803 serious problem involving large sums of money.

804 \*Mr. Davis of Virginia. Do you know what data were used  
805 to prepare the report?

806 \*Mr. Walker. I don't have that available to me, Mr.  
807 Davis, but I am happy to try to find out for you.

808 \*Mr. Davis of Virginia. Would it surprise you to learn

809 that during our Committee interviews of staff, we learned  
810 that this report "was started as a statistical analyses, and  
811 then the drafter said let's go interview the CPI  
812 investigators and get their subjective reactions of what is  
813 like in the various ministries and that some of the  
814 conclusions were, you know, it was pulled out of the air. So  
815 it is not statistically based, that discussion about  
816 particular cases were added by the sole drafter for flavor"?

817 It is not the practice of GAO to reply upon reports  
818 embellished for flavor, is it?

819 \*Mr. Walker. No, not at all. I might note for the  
820 record we were not asked nor did we assess the methodology  
821 that the State Department used in preparing that report.

822 \*Mr. Davis of Virginia. According to the State  
823 Department, this report was a working draft and it was not a  
824 formal embassy report, that neither this report nor the  
825 follow-up in July, 2007, was vetted by any senior staff at  
826 the embassy.

827 Let me just ask this. Corruption in Iraq is not a new  
828 phenomenon. Do you agree?

829 Let me start with Judge al-Radhi. Do you agree that  
830 Iraq has a culture of corruption going back many years?

831 \*Mr. al-Radhi. Yes.

832 \*Mr. Davis of Virginia. Do you think that corruption is  
833 pervasive throughout the Middle East?

834 \*Mr. al-Radhi. Yes.

835 \*Mr. Davis of Virginia. Mr. Bowen, would you agree with  
836 that?

837 \*Mr. Bowen. I would say that Iraq has a history of  
838 corruption, absolutely. That characterized Saddam's regime.

839 \*Mr. Davis of Virginia. Let me, during my time here,  
840 yield to Mr. Issa.

841 \*Mr. Issa. Thank you.

842 Judge, I commend you for your diligence at great  
843 personal risk. I think Ranking Member Davis said it very  
844 well, that we are not surprised that a country that was run  
845 by a corrupt dictator who doled out monies in order to  
846 maintain power would have a pattern of corruption.

847 How much of the corruption in your opinion, do you  
848 believe, comes from that legacy of Saddam in how corruption  
849 was part of the structure of maintaining authority and power?

850 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Corruption  
851 is corruption whether it was under Saddam's regime or under  
852 the current government. Corruption is bad, and it is

853           undermining my country.

854           \*Mr. Issa. Thank you.

855           I am going to call your attention to a letter, but while  
856           it is being brought up, I want to ask are you aware that  
857           there are about 750,000 Iraqi refugees in Jordan at this  
858           time?

859           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes.

860           \*Mr. Issa. And probably another 500,000 or more in  
861           Syria, is that your understanding?

862           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, sure.

863           \*Mr. Issa. To your understanding, in both of those  
864           countries in general, are Iraqis safe when they are living  
865           there?

866           \*Mr. al-Radhi. [Translated by Ms. Behrens.] It is  
867           better than the daily killing that takes place in their  
868           original country.

869           \*Mr. Issa. I appreciate that.

870           I want to call your attention, Judge, to a letter  
871           written on September 20th to the U.S. Citizenship and  
872           Immigration Service concerning your family and their welfare,  
873           naming some nine members of your family. Have you seen this  
874           letter before?

875           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, this  
876 is a private matter, and I do not wish to talk about it,  
877 especially that my family is subject to private  
878 circumstances.

879           \*Mr. Issa. Now I certainly understand that, but in  
880 order to understand the workings of this Committee, I think  
881 it is important that we ask some very limited questions.

882           We are not going to name any names other than to note  
883 that the letter is signed by Chairman Waxman, Chairman  
884 Lantos, Chairman Conyers and Chairman Thompson, Bennie  
885 Thompson, the Chairmen of Homeland Security, House Judiciary,  
886 House Government Oversight and Reform and the Foreign Affairs  
887 Committees.

888           \*Chairman Waxman. The gentleman's time has expired. Is  
889 there a question pending?

890           \*Mr. Issa. Yes, very briefly. When were you first  
891 involved in the request for this letter to ask that your  
892 family, your entire family, be brought to the United States  
893 as a refugee and particularly was that prior to or after you  
894 came here under a diplomatic visa?

895           \*Mr. al-Radhi. [Translated by Ms. Behrens.] I came to  
896 the United States under the auspices of the U.S. Department



897 of Justice on a workshop, on a training workshop along with  
898 10 of my employees.

899 The Prime Minister, to get rid of me, so I don't return  
900 to my country, has put forth this issue, this issue of  
901 prosecuting me.

902 \*Chairman Waxman. Please, if you have more to say.

903 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I love my  
904 family. I love my country. I love to serve my country.  
905 However, these threats have been an obstacle for me.

906 \*Chairman Waxman. Thank you very much.

907 Mr. Cummings.

908 \*Mr. Cummings. First of all, I want to thank you, all  
909 the witnesses, but you, Judge Radhi, thank you very much for  
910 your bravery and your integrity.

911 Can you tell us about the threats that you and your  
912 family have faced, briefly?

913 \*Mr. al-Radhi. [Translated by Ms. Behrens.] After I  
914 referred several cases pertaining some of the political blocs  
915 governing there to the courts in corruption cases, they  
916 referred me to the Parliament, charged me with this issue,  
917 and I would say that I was successful in combating corruption  
918 there.

919           They were unable to remove confidence in me in front of  
920           the Parliament.

921           They also accused me in courts with the same charges,  
922           and again in courts they were unable to successfully get  
923           something against me.

924           \*Mr. Cummings. Judge Radhi, let me ask you this.

925           \*Mr. al-Radhi. [Translated by Ms. Behrens.] In  
926           addition to what I said in my testimony, in my deposition.

927           \*Mr. Cummings. Judge Radhi, who is Salam al-Maliki?  
928           Was he the former Iraqi Minister of Transportation?

929           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, he is  
930           the former Iraqi Minister of Transportation. He is a  
931           relative of the Prime Minister. We had referred this person  
932           to the courts for corruption. However, the Prime Minister  
933           has resorted to closing this case.

934           \*Mr. Cummings. You got a letter in regard to that, did  
935           you not?

936           I am going to show you a document on the screen. What  
937           does this letter tell you to do in regards to the  
938           investigation of Prime Minister Maliki's cousin, Mr. Salam?

939           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Not to  
940           follow up on the case and not to investigate, and there was a

941 request to close the case.

942 Knowing that Salam had violated the constitution and the  
943 Prime Minister has approved that.

944 \*Mr. Cummings. Did he ever grant you permission to  
945 reopen the case?

946 \*Mr. al-Radhi. [Translated by Ms. Behrens.] No. We  
947 have attempted to move the case forward, but the Prime  
948 Minister had closed it.

949 \*Mr. Cummings. Why do you think he closed it?

950 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Firstly,  
951 because Salam al-Maliki is affiliated with one of the parties  
952 of the Shiite alliance or coalition and, secondly, because  
953 this gentleman is one of his relatives.

954 \*Mr. Cummings. Mr. Walker, when Judge Radhi testified a  
955 little bit earlier, he basically said he didn't even have the  
956 power to audit the oil revenues. Is that correct?

957 In other words, he has the power, but he doesn't get the  
958 opportunity to do so.

959 \*Mr. Walker. Well, my understanding is that the judge's  
960 responsibility is not to conduct audits. It may be to  
961 conduct investigations. Audits typically are done by the  
962 Board o Supreme Audit which is our counterpart organization,

963 and Dr. Abd el-Basit is President of that organization.

964 \*Mr. Cummings. Are you able to do it? You said it  
965 comes under you.

966 \*Mr. Walker. Well, we cannot audit Iraqi funds. We can  
967 only get involved where it involves U.S. funds, and obviously  
968 the Special Inspector General for Iraq has been set up to try  
969 to be able have an on the ground presence in Iraq to do  
970 certain types of activities. But we do do audit work in  
971 Iraq, but it is on U.S. funds, not Iraqi funds.

972 \*Mr. Cummings. Thank you.

973 \*Mr. Walker. I might note that, as I said before, Mr.  
974 Cummings, we have worked very closely, meaning GAO, with our  
975 counterpart organization in Iraq, and corruption is rampant  
976 in Iraq. It is a serious problem. It has been for a while,  
977 continues to be a problem.

978 It is we have a situation, as was mentioned by Stuart  
979 Bowen, that while there hasn't been massive corruption that  
980 he has found with regard to U.S. activities in Iraq, there is  
981 huge waste there.

982 I might also note that security is a real concern. When  
983 I went to visit my counterpart in 2006, we couldn't meet  
984 where we were supposed to meet because a U.S. bomb-sniffing

985 dog found a bomb in the area where we were supposed to meet.

986 The U.S. also, U.S. Army, went into the home of my  
987 counterpart in November of 2006 and took the weapons of his  
988 security guards, without any explanation, and I have been  
989 trying to get an explanation for that for him. So there is  
990 real challenging situation that exists in that country.

991 \*Mr. Cummings. Thank you.

992 \*Chairman Waxman. Thank you, Mr. Cummings. Your time  
993 has expired.

994 Mr. Mica.

995 \*Mr. Mica. Thank you.

996 We didn't get a chance for opening statements, but I  
997 just wanted to put on the record a couple of comments, first  
998 of all, about the conduct not only of today's hearing but the  
999 conduct of yesterday's hearing. I did get a chance yesterday  
1000 when I moved to adjourn the meeting, it was based on request  
1001 by the Department of Justice and also the Department of State  
1002 to ask us not to not hold a hearing but to delay a hearing.

1003 It brought to mind my request to Mr. Davis. This is  
1004 during the Sandy Berger incident when we found out that he  
1005 had taken classified documents, stuffed them in his trousers  
1006 or whatever and just actually destroyed them. I requested

1007 Mr. Davis -- Mr. Davis may recall this -- that we undertake  
1008 an investigation. Department of Justice asked us not to do  
1009 that, and he did not do that.

1010 Then we came back, and I asked him during the sentencing  
1011 time to conduct an investigation and hearing in this  
1012 Committee. You might recall, Mr. Davis, that you also denied  
1013 that because of the Department of Justice request.

1014 That is a difference in the way this Committee operated  
1015 with Mr. Davis and the current Chair.

1016 Additionally, I have been on the Committee for 15 years.  
1017 I have never received, and my staff gave me this. They said  
1018 the majority memo for today's hearing given to the minority  
1019 was received nine minutes before the hearing.

1020 I don't mind participating. In fact, I enjoy  
1021 participating in this. I think this is one of the most  
1022 important responsibilities in Congress. But to have the  
1023 minority receive this memo and our information about the  
1024 hearing nine minutes before, in my knowledge, is  
1025 unprecedented, let alone isolate our witness at the end. I  
1026 just have never seen anything like the conduct today.

1027 Mr. Walker, corruption is a problem not only in Iraq but  
1028 just about every democratic society and throughout the third

1029 world, is that correct?

1030 \*Mr. Walker. Corruption is a problem in much of the  
1031 world, in some places, a lot more than others.

1032 \*Mr. Mica. I asked the staff. Well, of course, I am in  
1033 the Congress, the United States Congress, one of the most  
1034 respected institutions in the world. Right now, we have  
1035 probably more members of Congress under scrutiny, criminal  
1036 investigation, than any other body and probably more in  
1037 prison.

1038 Then I said, corruption. I said, what about some of the  
1039 past administrations, and I have the record from the Clinton  
1040 Administration.

1041 We have the record set: the only President ever  
1042 impeached on grounds of personal malfeasance, the most number  
1043 of convictions and pleas guilty by friends and associates,  
1044 the most number of cabinet officials to come under criminal  
1045 investigation, the most number of witnesses to flee the  
1046 Country to refuse to testify, the most number of witnesses to  
1047 die suddenly, the first President sued for sexual harassment.  
1048 The list goes on and on of the last Administration.

1049 Now let me be fair. Forty Government officials were  
1050 indicted or convicted in the wake of Watergate.

1051 Another number, 47 individuals in business association  
1052 with the Clinton Administration were convicted or pleaded  
1053 guilty to crimes, with 33 occurring during the Clinton  
1054 Administration itself.

1055 Now, this also talks about the Reagan Administration.  
1056 There is a total of 31 Reagan Administration convictions. So  
1057 my point is that no administration is left without  
1058 corruption.

1059 Additionally, I want to ask the Judge a question. Mr.  
1060 Clinton gave a pardon to a gentleman by the name of Mr. Rich.  
1061 Mr. Rich was involved in an Oil for Food scandal which I  
1062 understand that money went to prop up the Saddam Hussein  
1063 regime.

1064 Are you aware of any of the Oil for Food scandal  
1065 incidents or Mr. Rich?

1066 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Corruption  
1067 is found all over the world, and I have heard about  
1068 corruption in the file of the Oil for Food program. Iraqi is  
1069 cooperating with other countries to gather information about  
1070 this issue.

1071 However, I believe the issue is different in Iraq for  
1072 many reasons. Firstly, the infrastructure in Iraq is almost



1073 equal to zero. Services in the country are almost equal to  
1074 zero.

1075 Iraq is a wealthy country. Imagine that the budget of  
1076 2007 is \$41 billion and \$30 billion is what remains from the  
1077 previous and earlier years. Don't you think that \$71  
1078 billion, such an amount that can build an entire country,  
1079 don't you think that it deserves a follow-up and attention?

1080 Corruption is corruption in all times, and I am a  
1081 professional and I fight corruption because this is my  
1082 profession to do so.

1083 \*Mr. Mica. Thank you. I appreciate it.

1084 \*Chairman Waxman. Thank you very much, Judge Radhi.

1085 I just wanted to inform the gentleman. I don't want to  
1086 make any comments, although I would like to make comments,  
1087 but I won't make comments on his round of questioning. When  
1088 we were requested by the Justice Department not to inquire  
1089 with Blackwater's recent episode in September, we honored  
1090 that request. We have always honored requests from the  
1091 Justice Department.

1092 Mr. Lynch.

1093 \*Mr. Lynch. Thank you, Mr. Chairman.

1094 First of all, I want to thank the Chairman and the

1095 Ranking Member for holding this hearing.

1096 I also want to thank Comptroller General Walker and also  
1097 Inspector General Bowen for your great work on our behalf,  
1098 and I also want to thank the Judge. I appreciate the risk to  
1099 yourself, and I offer the prayers of our Country for 31  
1100 employees of your ministry that have been killed and also  
1101 their families.

1102 Judge Radhi, your testimony says that your investigators  
1103 identified about \$18 billion as the estimated cost of  
1104 corruption in Iraq. There is so much to go on here. I have  
1105 to pick just one case so I can ask some questions about it.

1106 This is a case involving Aiham Alsammarae. I hope I  
1107 have that right. He was the head of or very high in the  
1108 electricity industry. The Ministry of Electricity, I guess  
1109 it is called.

1110 I want to ask you. Do you recall the facts surrounding  
1111 Aiham Alsammarae?

1112 \*Mr. al-Radhi. [Response in foreign language.]

1113 \*Mr. Lynch. Just briefly, I am trying to get the facts.  
1114 You don't need a long explanation. Just basically tell me  
1115 what he was being investigated for. What were the  
1116 allegations against Mr. Alsammarae?

1117 \*Mr. al-Radhi. [Response in foreign language.]

1118 \*Mr. Lynch. How about a leading question? How much  
1119 money was Mr. Alsammarae accused of embezzling, stealing?

1120 \*Mr. al-Radhi. [Translated by Ms. Behrens.] It is not  
1121 embezzlement. It is a waste of public money.

1122 \*Mr. Lynch. Okay. Corruption involving how much money,  
1123 hundreds of millions?

1124 \*Mr. al-Radhi. [Translated by Ms. Behrens.] In each  
1125 ministry, a particular, a certain amount of money, and the  
1126 total across all ministries is \$18 billion; for electricity,  
1127 \$2 billion.

1128 \*Mr. Lynch. Two billion, okay.

1129 Mr. Alsammarae, I understand, was arrested and held in  
1130 prison inside the Green Zone, but he somehow escaped. Do you  
1131 know the facts surrounding that?

1132 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I know  
1133 some of the facts that surround this case, and I know that a  
1134 U.S. protection company has helped him get away.

1135 \*Mr. Lynch. Do you know what the name of that U.S.  
1136 protection agency might have been?

1137 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I believe  
1138 it is DynCorp.

1139 \*Mr. Lynch. Okay, Blackwater.

1140 Now, with the assistance of Blackwater, do you know  
1141 where?

1142 \*Chairman Waxman. He said DynCorp.

1143 \*Mr. Lynch. Oh, DynCorp, I am sorry. I am sorry,  
1144 DynCorp. Thank you for that correction. So DynCorp, a U.S.  
1145 contractor, helped this person get out of jail in the Green  
1146 Zone.

1147 Do you know where Mr. Alsammarae is right now?

1148 \*Mr. al-Radhi. [Translated by Ms. Behrens.] This is  
1149 not important to me. What matters to me is there is absentia  
1150 order or court order against this man, and that is a sentence  
1151 for three years.

1152 \*Mr. Lynch. It may not be important to you, but it is  
1153 important to this Committee.

1154 Is it your understanding that this gentleman is in  
1155 Chicago, in the United States right now?

1156 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Three  
1157 years sentence awaiting him, and there are 11 other charges  
1158 against him fielded through the Interpol.

1159 \*Mr. Lynch. All right, my understanding, and I will  
1160 offer it for a testimony, is that our staff did talk to this

1161 gentleman. He is in Chicago.

1162 I will yield back, Mr. Chairman.

1163 \*Chairman Waxman. Thank you very much, Mr. Lynch.

1164 Let me explain that on the House floor, we have votes,  
1165 and we have a number of votes. So we are going to recess now  
1166 for around 40 minutes. I would request that members come  
1167 back here as quickly as possible after the last vote, so we  
1168 can continue the questions.

1169 We thank you for your patience.

1170 We stand recessed.

1171 [Recess.]

1172           \*Chairman Waxman. Before Mr. Burton arrives because he  
1173 is next, Mr. Lynch, you were asking a question and you were  
1174 in the middle of your question. Do you want to complete your  
1175 last question?

1176           \*Mr. Lynch. Thank you, Mr. Chairman.

1177           I am going to ask Mr. Bowen. I have tried to establish  
1178 that the former Iraqi Electricity Minister was accused of  
1179 corruption of potentially hundreds of millions of dollars.  
1180 He was arrested. He was brought to the Green Zone. I  
1181 believe it was a DOD facility. We are talking the Unites  
1182 States Military.

1183           He was then broken out of that jail or removed from that  
1184 jail by a U.S. contractor. We have evidence it was DynCorp  
1185 or testimony that it was DynCorp.

1186           Mr. Bowen, is that your understanding of the facts of  
1187 this case?

1188           \*Mr. Bowen. Yes, but with the one additional fact that  
1189 he was convicted by that Iraqi court and was awaiting  
1190 sentencing.

1191           \*Mr. Lynch. Is there an investigation ongoing relative  
1192 to the handling of this case?

1193           \*Mr. Bowen. I can't comment on our ongoing

1194 investigations.

1195 \*Mr. Lynch. Okay, so if it is an ongoing investigation,  
1196 it must be ongoing.

1197 Can you tell, Mr. Bowen? Look, I have followed your  
1198 work in Iraq, and I appreciate greatly you are doing  
1199 tremendous work, and I appreciate.

1200 Can you tell me, the allegation that this gentleman is  
1201 in Chicago, is that correct? Is that your understanding?

1202 \*Mr. Bowen. That is what I have heard, yes.

1203 \*Mr. Lynch. Okay, I will let it go at that.

1204 Thank you, Mr. Chairman.

1205 \*Chairman Waxman. Yes, Mr. Lynch.

1206 Mr. Burton, I think you are next.

1207 \*Mr. Burton. Thank you, Mr. Chairman.

1208 Was there any corruption under Saddam Hussein?

1209 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, sure.  
1210 Oil was for Saddam and for Saddam's family only.

1211 \*Mr. Burton. Were you ever prosecutor when Saddam  
1212 Hussein was in power?

1213 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes.

1214 \*Mr. Burton. How long were you a prosecutor when Saddam  
1215 Hussein was in power?

1216           \*Mr. al-Radhi. [Translated by Ms. Behrens.] After I  
1217 graduated from the Judicial Institute, he did not consider as  
1218 a member of the prosecution, but he dealt with me as a  
1219 regular employee.

1220           \*Mr. Burton. You were not a prosecutor from 1979 to  
1221 1992?

1222           \*Mr. al-Radhi. [Response in foreign language.]

1223           \*Mr. Burton. It shouldn't be that difficult to answer.  
1224 Either you were or you weren't.

1225           \*Mr. al-Radhi. [Translated by Ms. Behrens.] I  
1226 graduated from the Institute as a prosecutor.

1227           \*Mr. Burton. So you were a prosecutor from 1979 to  
1228 1992.

1229           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Only the  
1230 last three years.

1231           \*Mr. Burton. What did you do before that from 1979 to  
1232 1992?

1233           \*Mr. al-Radhi. [Translated by Ms. Behrens.] I was  
1234 managing the funds of the juveniles or the orphans. Those  
1235 were under 18 years old.

1236           \*Mr. Burton. You were a prosecutor for over three years  
1237 under Saddam Hussein. How did you get appointed to these



1238 positions?

1239 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I have  
1240 worked as an attorney until the change.

1241 \*Mr. Burton. But you were a prosecutor for the  
1242 government.

1243 \*Mr. al-Radhi. [Translated by Ms. Behrens.] In the  
1244 court of misdemeanors, yes.

1245 \*Mr. Burton. How did you get that job?

1246 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, when  
1247 I graduated from the Judicial Institute, they did not appoint  
1248 me, but because I was a non-Baathist. But afterwards because  
1249 of my work managing the funds of the orphans, I was appointed  
1250 to that. Then in 1992, because of great pressure, I left.

1251 \*Mr. Burton. Well, the record shows that you were in  
1252 the Saddam Hussein regime was 1979 to 1992 and that you were  
1253 a public prosecutor and that you did work under Saddam  
1254 Hussein. Now it is laudable that you worked for the children  
1255 that were damaged during the Iran-Iraq War, but you were in  
1256 fact an official of Saddam Hussein, were you not?

1257 \*Mr. al-Radhi. [Translated by Ms. Behrens.] What was  
1258 your last question, Mr. Burton?

1259 \*Mr. Burton. You were an official in the Saddam Hussein

1260 regime and how did you get those jobs?

1261 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I obtained  
1262 those jobs with my hard work, my studying and my work at the  
1263 Judicial Institute.

1264 \*Mr. Burton. Well, let me just finish, Mr. Chairman. I  
1265 know you have given others just a little bit of extra time.

1266 Saddam Hussein was a brutal dictator who even cut people  
1267 up and put them in chippers. They did everything, buried  
1268 hundreds of thousands of people in mass graves. If you had  
1269 been an opponent of Saddam Hussein, I cannot figure out how  
1270 you got those jobs.

1271 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Of course,  
1272 under Saddam Hussein, I refused to do what he was asking, and  
1273 therefore they put me in prison and they broke my the bones  
1274 of my head.

1275 \*Mr. Burton. Thank you, Mr. Chairman.

1276 \*Chairman Waxman. Thank you, Mr. Burton.

1277 \*Mr. Issa. Mr. Chairman, point of inquiry, under our  
1278 rules, I believe from my past experience, those who are  
1279 advising, specifically providing testimonial input, are also  
1280 supposed to be identified and sworn. Could we at least have  
1281 the identification of those who are obviously contributing

1282 considerably to the answers.

1283 \*Chairman Waxman. We did have the translator identify  
1284 herself.

1285 \*Mr. Issa. No, no, the gentleman behind.

1286 \*Chairman Waxman. Oh, the attorney?

1287 \*Mr. Issa. Yes, and the one next to him. They are  
1288 obviously providing a significant amount of these answers.

1289 \*Chairman Waxman. I don't recall that that is the  
1290 practice of the Committee to ever ask who is advising people.  
1291 They are not testifying.

1292 Ms. Watson.

1293 \*Mr. Burton. Mr. Chairman, parliamentary inquiry.

1294 \*Ms. Watson. Yes, thank you so much, Mr. Chairman.

1295 \*Mr. Burton. May I make a parliamentary inquiry, Mr.  
1296 Chairman?

1297 \*Chairman Waxman. Just a minute, Ms. Watson.

1298 Yes, you have a parliamentary inquiry?

1299 \*Mr. Burton. Yes, Mr. Chairman. It is a fact, is it  
1300 not, that when we were doing investigations under my  
1301 leadership that we did identify the people behind those who  
1302 were testifying?

1303 \*Chairman Waxman. I understand that was not the general

1304 practice. I know of no rule that requires it. If you want  
1305 to find out, I don't have any reason why you shouldn't find  
1306 out, but that hasn't been the way this Committee has operated  
1307 in the past.

1308 \*Mr. Burton. You have selective memory loss like the  
1309 White House did.

1310 \*Ms. Watson. Resuming my time.

1311 \*Chairman Waxman. No, you haven't started your time,  
1312 but you will now.

1313 \*Ms. Watson. Thank you so much, Mr. Chairman. I  
1314 appreciate that.

1315 Judge Radhi, were you tortured under Saddam Hussein?

1316 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, I was  
1317 tortured twice, in 1970 and in 1977.

1318 \*Ms. Watson. Do you still bear the marks of that  
1319 torture on your body?

1320 \*Mr. al-Radhi. [Translated by Ms. Behrens.] A break in  
1321 my head skull is still visible.

1322 \*Ms. Watson. Thank you so very much.

1323 Judge Radhi, in your written testimony, you said that  
1324 Prime Minister Maliki has refused to recognize the  
1325 independence of the Public Integrity Commission.

1326           You also said that officials and agencies in the Iraqi  
1327 government sent us formal letters forbidding us to take any  
1328 action "against the Presidency, the Council of Ministers and  
1329 former or current ministers," is that right?

1330           \*Mr. al-Radhi. [Translated by Ms. Behrens.] This is  
1331 right and this is a letter that would demonstrate to you in  
1332 front of you that they prohibited us from conducting  
1333 investigations touching the Presidency, the Council of  
1334 Ministers, current and former ministers.

1335           \*Ms. Watson. Yes, that letter is up on the screen. The  
1336 press might want to get a copy of it.

1337           The document says, and I will read it because the  
1338 wording is so small: "It has been decided not to refer any of  
1339 the following parties to the court until approval of His  
1340 Excellency, the Prime Minister, is obtained: Presidential  
1341 Office, Council of Ministers, current and previous  
1342 ministers."

1343           This is a secret order from Prime Minister Maliki's  
1344 office saying that you cannot investigate the Iraqi  
1345 President, the Prime Minister or any current or past Iraqi  
1346 ministers without the Prime Minister's position, is that  
1347 right?

1348           We have a copy of it here, both in your language and  
1349 English. You are nodding that that is correct.

1350           Is this order allowed under the Iraqi constitution?

1351           \*Mr. al-Radhi. [Translated by Ms. Behrens.] This is an  
1352 illegal order and the Iraqi, that goes against the  
1353 constitution, and the constitution considers the CPI an  
1354 independent entity, and that would only be subject to orders  
1355 of the Parliament.

1356           \*Ms. Watson. Thank you.

1357           Judge, did you have any cases that you were  
1358 investigating that were stopped by this order?

1359           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Tons of  
1360 cases were stopped because of this letter would go to the  
1361 courts and the courts would stop looking into examining the  
1362 cases.

1363           \*Ms. Watson. Did you have cases that involved current  
1364 and past ministers?

1365           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes,  
1366 current and former ministers.

1367           \*Ms. Watson. I would say that this letter, this secret  
1368 letter, illustrates and demonstrates to me that there are  
1369 violation of your own constitution going on under this

1370 administration.

1371 \*Mr. al-Radhi. [Translated by Ms. Behrens.] That is  
1372 true.

1373 \*Ms. Watson. To me, I interpret it as corruption.

1374 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes.

1375 \*Ms. Watson. If this is a new developing democracy, we  
1376 need to attack corruption wherever we find it, and that is  
1377 the reason for this hearing today.

1378 I appreciate your response. Maybe you want to translate  
1379 that.

1380 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Thank you.

1381 \*Ms. Watson. I appreciate one of your responses to one  
1382 of our members when you said corruption is corruption and I  
1383 am a professional, and I go after corruption wherever it may  
1384 be.

1385 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Thank you.

1386 \*Ms. Watson. Thank you so much for your testimony  
1387 today.

1388 I yield back the balance of my time, Mr. Chairman.

1389 \*Chairman Waxman. Thank you very much, Ms. Watson.

1390 We now turn to Mr. Cooper.

1391 \*Mr. Cooper. Thank you, Mr. Chairman. Thank you for

1392 holding this hearing, and I appreciate the bravery,  
1393 particularly, of Judge Radhi.

1394 As members of Congress know and hopefully the public  
1395 knows, General Jones, the Marine Corps General, issued a  
1396 bipartisan report just last month. It was called the Report  
1397 of the Independent Commission on the Security Forces of Iraq.  
1398 Of course, there are two missions we have been training the  
1399 Iraqi folks for, military and police.

1400 I trust all the witnesses are familiar with this report  
1401 because it says, "Sectarianism and corruption are pervasive  
1402 in the Ministry of Interior and cripple the ministry's  
1403 ability to accomplish its mission to provide internal  
1404 security of Iraqi citizens."

1405 Things are apparently so bad at the Interior Ministry  
1406 that this report by General Jones, the Marine Corps General,  
1407 recommends that the entire national police be disbanded.

1408 Here is exactly what the report concluded: "Conclusion:  
1409 The national police have proven operationally ineffective.  
1410 Sectarianism in its units undermine its ability to provide  
1411 security. The force is not viable in its current form. The  
1412 national police should be disbanded and reorganized."

1413 That is a pretty damning conclusion.



1414 Mr. Bowen, as the Inspector General, what is your  
1415 opinion? Have corruption and sectarianism really gotten to  
1416 this point that the Jones' recommendation is appropriate, to  
1417 scrap the national police and start all over?

1418 \*Mr. Bowen. I am very familiar with that issue and that  
1419 report, and indeed I met with members of the Multinational  
1420 Security Transition Command-Iraq that is in charge of  
1421 training the national police, and they independently  
1422 confirmed to me the problem of infiltration in the national  
1423 police, as well as other problems in the IPS and other Iraqi  
1424 security forces and the facility protection services as well.

1425 But the national police is a very serious issue. It is  
1426 managed quite directly from the MOI. The corruption that  
1427 grew within it, which is really a sectarian infiltration that  
1428 was condoned over several years, has produced the situation  
1429 that General Jones quite accurately addressed, and his  
1430 solution, I think, is on point.

1431 \*Mr. Cooper. Judge Radhi knows the situation better  
1432 than any of us do. One of the most disturbing elements of  
1433 this conclusion of the report was that the previous Minister  
1434 of the Interior was a man named -- forgive me if I  
1435 mispronounce it -- Bayan Jabr.

1436 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Bayan  
1437 Jabr.

1438 \*Mr. Cooper. Bayan Jabr, it was under his leadership  
1439 that the ministry became so heavily politicized.

1440 The report, for example, says that Mr. Jabr gave key  
1441 ministry posts to members of the Badr Brigade, and the Badr  
1442 Brigade Militia infiltrated Iraqi police units throughout  
1443 Iraq.

1444 Judge Radhi, to your knowledge, was Mr. Jabr, a member  
1445 of the Badr Organization?

1446 \*Mr. al-Radhi. [Translated by Ms. Behrens.] This  
1447 issue, of course, I know about it from the media because I do  
1448 not have a political relationship with them.

1449 However, I can say that these security ministries are  
1450 now divided among the sectarianism and the sectarianism  
1451 influence, and therefore you see that their performance is  
1452 not a good performance.

1453 \*Mr. Cooper. The amazing thing to me is it is my  
1454 understanding, even though Mr. Jabr, was the previous  
1455 Minister of Interior, instead of being punished or reformed  
1456 or in any way changed, now it is my understanding he has been  
1457 promoted to be Minister of Finance, which is truly

1458           astonishing.

1459           Judge Radhi, given Mr. Jabr's record at the Interior  
1460           Ministry, do you have any concerns about what he is doing as  
1461           Minister of Finance?

1462           \*Mr. al-Radhi. [Translated by Ms. Behrens.] My concern  
1463           is towards the ministries themselves because the sectarian  
1464           quotas are ongoing, and therefore these ministries are not  
1465           protecting the Iraqi people. Therefore, you see that the  
1466           security is continuously deteriorating.

1467           \*Mr. Cooper. Thank you.

1468           \*Chairman Waxman. Thank you, Mr. Cooper.

1469           Have you completed what you wanted to say?

1470           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes.

1471           Mr. Sali? Are you not going to go at this time?

1472           \*Mr. Sali. Can I yield my time to Mr. Issa?

1473           \*Mr. Issa. The gentleman yields his time to me, I  
1474           guess.

1475           A couple of quick questions, Mr. Bowen, has the Iraqi  
1476           government, at any time, given us authority, the United  
1477           States, the Executive Branch or the Congress authority over  
1478           corruption of the use of Iraqi funds?

1479           Have we asked Iraq to allow us to investigate the use of

1480 their funds?

1481 \*Mr. Bowen. No.

1482 \*Mr. Issa. So we have never asked?

1483 \*Mr. Bowen. No, sir.

1484 \*Mr. Issa. Have we ever asked any government whether we  
1485 could investigate the corruption in their government to your  
1486 knowledge?

1487 \*Mr. Bowen. No, not to my knowledge.

1488 \*Mr. Issa. Is it unusual for the U.S. Congress to  
1489 investigate a sovereign nation's utilization of their own  
1490 resources in your experience?

1491 \*Mr. Bowen. This is the first time I have been at a  
1492 hearing on that matter.

1493 \*Mr. Issa. Do you think it is appropriate in your own  
1494 judgment?

1495 \*Mr. Bowen. I think addressing, assessing the state of  
1496 Iraqi corruption is an appropriate for oversight and review  
1497 because it amounts to an economic undermining of this  
1498 fledgling democracy. Corruption is the abuse of public  
1499 office for private gain, and it has occurred on a large scale  
1500 in Iraq.

1501 \*Mr. Issa. I appreciate that. The question really

1502 isn't do we analyze it. The question is what do we do about  
1503 it after we all agree on this dais that it was rampant under  
1504 Saddam and it is rampant under Maliki and that, in fact, it  
1505 goes far, far, far down?

1506 It doesn't flow just to the top the way it once did  
1507 where you only stole with the permission of top. Now you  
1508 have little fiefdoms that are stealing all along.

1509 I guess one of my questions is has the GAO ever  
1510 investigated another sovereign nation's utilization of its  
1511 resources?

1512 \*Mr. Walker. No. The only thing that would be close is  
1513 you recall the Coalition Provisional Authority was set up by  
1514 the United States. The Coalition Provisional Authority had  
1515 access to both U.S. funds as well as Iraqi funds.

1516 \*Mr. Issa. Your organization oversaw how we spent their  
1517 funds while we were in control.

1518 \*Mr. Walker. Actually not. What we did was we were  
1519 involved in expenditure of U.S. funds, and we facilitated the  
1520 release of records from the U.S. Government to the Board of  
1521 Supreme Audit of Iraq so that they could hopefully do the  
1522 audit work with regard to Iraqi funds. So we have not  
1523 audited Iraqi funds, but we facilitated the Board of Supreme

1524 Audit hopefully being able to do the same.

1525 \*Mr. Issa. So that the record be complete on one thing,  
1526 I know you are not going to find one person on the dais,  
1527 under any circumstances, that is satisfied with the level of  
1528 integrity, transparency or lack of corruption in Iraq. That  
1529 is something that, from the Chairman going both directions on  
1530 the dias, it is very clear that this is not a government that  
1531 works to the best interest of their people, particularly if  
1532 they are Sunnis in Anbar or Kurds in the north.

1533 Mr. Bowen, your written testimony states the number of  
1534 corruption cases under investigation by the Iraq Commission  
1535 on Public Integrity was 1,861 in 2006 and 3,158 in 2007. Can  
1536 you describe essentially how we got to this increase?

1537 It looks good on paper. Tell me about it.

1538 \*Mr. Bowen. One is an increased effort under Judge  
1539 Radhi's leadership to push forward, try to push back the tide  
1540 of corruption that has been rising, as he testified today.  
1541 It is also indicative of that rising tide itself, that the  
1542 corruption efforts have increased because the work is to be  
1543 done.

1544 \*Mr. Issa. I appreciate that.

1545 To your knowledge, how many convictions have there been

1546 in Iraq?

1547 \*Mr. Bowen. I don't know what the total number is.  
1548 There have been hundreds of convictions.

1549 \*Mr. Issa. So they do get convictions.

1550 \*Mr. Bowen. Yes.

1551 \*Mr. Issa. What is the typical penalty when convicted?  
1552 Are they the equivalent of a U.S. felony conviction?

1553 \*Mr. Bowen. It depends on the nature of the crime, of  
1554 course. The challenge in Iraq, especially with the  
1555 ministries, is that there is selective prosecution because  
1556 there is by fiat, the authority with every minister to  
1557 protect any ministry employee from any corruption  
1558 investigation.

1559 And so, I am aware of some cases wherein most of the  
1560 defendants were protected under Article 136(b), but one of  
1561 the lower level ones was permitted to be prosecuted and  
1562 imprisoned because of their sectarian identity.

1563 \*Mr. Issa. Always please your boss, I guess, is the  
1564 rule in Iraq.

1565 Judge, one question I have for you is when did you  
1566 decide that you needed to leave Iraq and get your family out  
1567 of Iraq to a permanent place such as the United States for

1568 safety?

1569 \*Mr. al-Radhi. [Translated by Ms. Behrens.] For two  
1570 years, there were continuous threats, and I did send letters  
1571 and petitions to the Parliament about this issue of threats,  
1572 and then they started hitting my residence with missiles.  
1573 Then it has become very difficult for me.

1574 \*Mr. Issa. I only wanted a date if that could be  
1575 provided, just a calendar date, if possible, for the  
1576 decision.

1577 \*Chairman Waxman. You can submit it for the record if  
1578 you don't recall a date at the moment.

1579 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I decided  
1580 only when the Prime Minister warned me through an interview  
1581 on [phrase in foreign language].

1582 \*Mr. Issa. And the date?

1583 \*Mr. al-Radhi. [Translated by Ms. Behrens.] The  
1584 beginning of September this year.

1585 \*Mr. Issa. Thank you.

1586 \*Chairman Waxman. Thank you, Mr. Issa.

1587 Mr. Tierney.

1588 \*Mr. Tierney. Thank you, Mr. Chairman.

1589 I want to thank all of our witnesses here this morning



1590 for their testimony, for their consistent help with the  
1591 Committee, and Judge Radhi, particularly, I want to thank you  
1592 for the courage that you have shown and integrity of coming  
1593 forward.

1594 Mr. Chairman, just for the record, I don't know as I had  
1595 to go in and out of other meetings, but if nobody has brought  
1596 it up yet, I think that we ought to make a statement that the  
1597 State Department's attempt to indicate that even broad  
1598 statements and assessments that anyone might make  
1599 characterizing the quality of Iraqi governance or corruption  
1600 and saying that that shouldn't be discussed, I think is a  
1601 little bit bizarre, if nothing else, given the fact that  
1602 there is \$600 billion of the United States invested in that  
1603 country and the importance of the Iraqi people of having  
1604 those investments come out to reconstruction and safety and  
1605 security and other things. So this is a very germane issue  
1606 that we are investigating and talking about here this morning  
1607 and important to delve into.

1608 Judge Radhi, we have talked about your statement that  
1609 some \$18 billion has been lost as a result of corruption, but  
1610 if we can take just a minute to talk about corruption at the  
1611 Ministry of Oil, an area where I understand that you have not

1612 yet been able to even have an audit on that basis.

1613 You made a statement: "It has been impossible for the  
1614 Commission on Public Integrity to safely and adequately  
1615 investigate oil corruption where Sunni and Shia militias have  
1616 control of the metering, transport and distribution of oil."

1617 So we are talking about billions and billions of dollars  
1618 worth of Iraqi oil revenues, basically the lifeblood of the  
1619 country, and a central obstacle to obtaining any political  
1620 reconciliation. Are you saying, sir, that given that  
1621 importance you have not been able to have audits or  
1622 investigations into that ministry?

1623 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Out of  
1624 this \$18 billion total amount, only half a billion is related  
1625 to issues pertaining to the Ministry of Oil.

1626 With respect to the Ministry of Oil, the Inspector  
1627 General of that ministry had issued a report that contains  
1628 three sections. The Inspector General of that ministry spoke  
1629 about trafficking in oil, about the amount of funds of these  
1630 revenues and about the amount of oil that was involved in  
1631 this in addition to the reports by U.S. and British  
1632 authorities.

1633 There were two cases about a current and former

1634 minister, and these cases were closed.

1635 \*Mr. Tierney. Let me back up a second. The reports on  
1636 the Oil Ministry would have added to that \$18 billion or were  
1637 already incorporated in the \$18 billion figure?

1638 \*Mr. al-Radhi. [Translated by Ms. Behrens.] It would  
1639 have added.

1640 \*Mr. Tierney. Mr. Bowen and Mr. Walker, is it your  
1641 understanding also that militias are likely in control of a  
1642 substantial amount of money from the oil industry?

1643 \*Mr. Bowen. There are a number of sources that report  
1644 that, yes, sir.

1645 \*Chairman Waxman. Yes. There is more information  
1646 available on a classified basis, Mr. Tierney.

1647 \*Mr. Tierney. Thank you, Mr. Walker.

1648 Judge Radhi, in your statement, you say, "This has  
1649 resulted in the Ministry of Oil effectively financing  
1650 terrorism through these militias."

1651 Can you tell us what you mean by that? Are you saying  
1652 that these oil revenues were given directly to the  
1653 terrorists?

1654 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Yes, such  
1655 as in Bayji in the central part of Iraq, there are Sunni

1656 militias that control this region, and they take a great  
1657 share of these revenues, and they use some of the amounts to  
1658 finance their militias. The same goes to Basrah where the  
1659 region is under the control of the Shiite militias.

1660 \*Mr. Tierney. Thank you very much.

1661 My time is up, Mr. Chairman. Thank you.

1662 \*Chairman Waxman. Thank you, Mr. Tierney.

1663 Mr. Sarbanes.

1664 \*Mr. Sarbanes. Thank you, Mr. Chairman.

1665 I am sort of reeling here because the testimony from  
1666 everybody is such that I have virtually no hope left that any  
1667 meaningful progress is being made in terms of rebuilding the  
1668 infrastructure in Iraq in a way that represents true  
1669 progress, and I think everyone's testimony puts a lie to  
1670 assertions that progress is being made.

1671 I would ask the Judge, whose testimony is courageous but  
1672 he is clearly a man of courage innately, what can you point  
1673 to that would give me hope that real progress is being made  
1674 in combating the corruption that you are talking about today?

1675 \*Mr. al-Radhi. [Translated by Ms. Behrens.] As I said  
1676 in my testimony, that the government has closed many cases  
1677 and intervened in our matters, and that goes against the

1678 constitution. That was the thing that impeded concrete, good  
1679 results in fighting corruption.

1680 \*Mr. Sarbanes. So you really can't point to anything  
1681 that would give me hope.

1682 Let me ask Mr. Walker or Mr. Bowen to take that  
1683 question.

1684 Maybe if you could just, either one of you, start by  
1685 describing where you have seen a comparable level in your  
1686 experience or from what you know or have studied, if you  
1687 could cite a comparable level of corruption in terms of the  
1688 impact that it is having on infrastructure and services  
1689 within any society that you have looked at in recent past.  
1690 What can I look to get a frame of reference on what we are  
1691 talking about here?

1692 \*Mr. Walker. I don't know if I can give you a frame of  
1693 reference, Mr. Sarbanes, but I would have some comments that  
1694 are directly relevant to your line of inquiry. First, I  
1695 think we have to keep in mind that corruption, as has been  
1696 mentioned, involves the abuse of public office for private  
1697 gain. Corruption happens all over the world in differing  
1698 degrees. It has happened in Iraq for a long time.

1699 There is, however, a difference. The United States is

1700 dedicating a lot of lives and a lot of money in Iraq and, in  
1701 general terms, I don't think it is any of our business to  
1702 investigate corruption of other sovereign nation's money.  
1703 However, when the United States has 160,000 troops on the  
1704 ground and billions of dollars invested, I think we need to  
1705 be concerned with it, not to investigate it, to be concerned  
1706 with it because I think it can have a direct impact on the  
1707 ability of the Iraqi government to achieve the 18 benchmarks  
1708 that have been laid out for political, security and economic  
1709 progress in Iraq.

1710           So that is why I think it is important, but I think  
1711 there is a line that ought to be drawn as to how far we  
1712 should go.

1713           \*Mr. Sarbanes. You cited four elements that are  
1714 impacting progress. One was employee shortage. The other  
1715 was sectarian influence. The third was the corruption within  
1716 the various ministries, and the other was security.

1717           Let's take employee shortage. Any prospects any time  
1718 soon that the employee shortage aspect of this will be fixed  
1719 or remedied or progress much in a positive direction from  
1720 what you have seen?

1721           \*Mr. Walker. Well, there are several angles there, one

1722 of which there has been a brain flight outside of the country  
1723 because the security situation. The question is whether and  
1724 to what extent that might be able to be reversed. I think it  
1725 is going to take a more stable security question for that to  
1726 be reversed in any significant numbers.

1727 Secondly, you have the de-Baathification policy and if  
1728 political progress can be made on that such that there might  
1729 be a possibility to be able to tap some expertise from the  
1730 former regime that may have been Baathist but not hard line  
1731 Saddamist, if you will, you might be able to achieve some  
1732 progress there.

1733 But then I would ask Mr. Bowen whether he has any  
1734 perspective because he is on the ground.

1735 \*Mr. Bowen. First of all, it is an employment issue.  
1736 The real problem in Iraq is unemployment which ranges up to  
1737 40 percent by some estimates, and that provides a breeding  
1738 ground for insurgent recruitment.

1739 With respect to the corruption effort or the attempt to  
1740 stem the tide, we have issued two audits in the last 13  
1741 months that have found that the U.S. effort has not be well  
1742 planned, well coordinated or well funded. Notwithstanding  
1743 that, we created two thirds of the anti-corruption bulwark,

1744 the IGs and the CPI.

1745 I spent a good portion of the first third of my time in  
1746 this job taking on the support of the IGs because of a vacuum  
1747 of support and pushing their growth, pushing their interest,  
1748 trying to. I pushed for an anti-corruption summit which  
1749 Ambassador Khalilzad held in November of 2005.

1750 But, notwithstanding those efforts, the plan, the  
1751 coordination, the funding never came about, unfortunately.  
1752 It is disappointing as our audits point out.

1753 \*Mr. Sarbanes. My time is up. I want to thank the  
1754 witnesses, and I just want to highlight a comment that the  
1755 Judge made which was to suggest that the infrastructure in  
1756 Iraq is almost equal to zero and that the key services being  
1757 provided by ministries in Iraq are almost equal to zero,  
1758 which I think is a very damning assessment of where things  
1759 stand.

1760 Thank you, Mr. Chairman.

1761 \*Chairman Waxman. Thank you, Mr. Sarbanes.

1762 \*Mr. Shays. Let me just ask you, how many members do  
1763 you have, because I came here a little later and I would be  
1764 happy to wait a few more. How many more do you have?

1765 \*Chairman Waxman. There are two more.



1766           \*Mr. Shays. I would be happy to wait for one more and  
1767 then I will go.

1768           \*Chairman Waxman. There are two more.

1769           \*Mr. Shays. Then I will go.

1770           First, Judge Radhi, I want to say to you that you honor  
1771 us by your presence. You are a very brave and distinguished  
1772 man. I have known about you for a number of years, and I try  
1773 to get to Iraq every three to four months. So to have you  
1774 here is a real honor.

1775           I would like to say your decision to leave Iraq is  
1776 understandable, but it is a huge defeat for good government  
1777 and my hope of success in Iraq, and I am very sorry that it  
1778 has come to a point where you feel you need to leave.

1779           I first want to say to you, Mr. Walker, I get concerned  
1780 when we -- and to you, Mr. Bowen -- from the outside looking  
1781 in are passing judgment on circumstances that I think are  
1782 known and yet there is recognizably very little solution. I  
1783 mean one solution is to give up on Iraq because it is  
1784 corrupt. That is one solution, and I don't think you are  
1785 suggesting that.

1786           No one can blame the U.S. Government for the fact that  
1787 the Iraq government is corrupt, no one. You could blame us

1788 for going in.

1789 Let me just ask you, Judge al-Radhi, are you regretful  
1790 that Saddam's regime was overthrown by the United States  
1791 Government?

1792 \*Mr. al-Radhi. [Translated by Ms. Behrens.] As I said  
1793 in my opening statements, I thanked the United States because  
1794 it removed a dictatorship that oppressed the Iraqi people.

1795 \*Mr. Shays. Judge Radhi, I know you said it, but it can  
1796 never be said too much in an environment where most of  
1797 Congress is critical that we did, in fact, do that, and so it  
1798 is important for people to know as I see all the time when I  
1799 go into Iraq, thank you for coming and getting rid of Saddam.  
1800 But I do believe that the people of Iraq could be very  
1801 critical for what we did once we were there.

1802 What do you think the biggest mistake was that the  
1803 American Government made?

1804 \*Mr. al-Radhi. [Translated by Ms. Behrens.] I am not a  
1805 politician. That is one. The second thing is that the  
1806 Americans helped the Iraqi people by removing the  
1807 dictatorship. What is happening now in Iraq is really the  
1808 work of the neighboring countries.

1809 \*Mr. Shays. The Iraqi what? I am sorry.

1810           \*Mr. al-Radhi. [Translated by Ms. Behrens.] The  
1811           aspirations of neighboring countries, of regional  
1812           aspirations.

1813           \*Mr. Shays. Should we give up on Iraq and leave?

1814           \*Mr. al-Radhi. [Translated by Ms. Behrens.] Regional  
1815           aspirations.

1816           \*Mr. Shays. Thank you.

1817           I want to ask the Judge, should we give up on Iraq and  
1818           leave?

1819           \*Mr. al-Radhi. [Translated by Ms. Behrens.] In  
1820           reality, the Iraqi people would hope that you continue your  
1821           support to them. Otherwise, they will be suppressed by the  
1822           neighboring countries.

1823           \*Mr. Shays. You appreciate that the United States came  
1824           in and removed Saddam, and you do not want us to leave. So  
1825           tell me the bottom line issue of what we can learn by your  
1826           testimony that will help make Iraq a better place and not  
1827           have your testimony be used by some as an argument that we  
1828           should leave?

1829           \*Mr. al-Radhi. [Translated by Ms. Behrens.] In  
1830           reality, it is a great endeavor that you came to Iraq and to  
1831           liberation. Liberation was a great endeavor. I believe if

1832 you help the Iraqi people to be managed and governed by an  
1833 honest government, I believe that the problem will be over.

1834 \*Mr. Shays. Thank you very much.

1835 Thank you, Mr. Chairman.

1836 \*Chairman Waxman. Thank you, Mr. Shays.

1837 Mr. Yarmuth.

1838 \*Mr. Yarmuth. Thank you, Mr. Chairman.

1839 I would also like to thank all the witnesses.

1840 I would like to pursue for a minute the issue that  
1841 Congressman Tierney mentioned regarding the efforts of the  
1842 Administration to muzzle any discussion about corruption in  
1843 Iraq, and I would like to address Mr. Walker and Mr. Bowen.

1844 As I know Mr. Walker knows, I was a journalist in my  
1845 former life, and so I have a professional as well as personal  
1846 interest in efforts to conceal information, a natural  
1847 resistance to that.

1848 Last week, the State Department informed this Committee  
1849 that their officials would not be allowed to provide  
1850 information about corruption in Iraq unless the Committee  
1851 agreed to treat it as classified and withhold it from the  
1852 public. The State Department sent an e-mail to Committee  
1853 staff, confirming that virtually any discussion of Iraqi

1854 corruption was now classified.

1855 Let me show you what the State Department said was  
1856 classified. The e-mail said: "Broad statements or  
1857 assessments which judge or characterize the quality of Iraqi  
1858 governance or the ability or determination of the Iraqi  
1859 government to deal with corruption including allegations that  
1860 investigations were thwarted or stifled for political reasons  
1861 and statements or allegations concerning actions by specific  
1862 individuals such as the Prime Minister or other GOI officials  
1863 or regarding investigations of such officials."

1864 Mr. Bowen, let me ask you first. Is there anything that  
1865 you said today that would have passed muster according to  
1866 this directive other than good morning?

1867 \*Mr. Bowen. It is a pretty broad directive, and it was  
1868 not and does not apply to me or my testimony today.

1869 \*Mr. Yarmuth. I understand, but if such a policy did  
1870 apply to you or your testimony, what effect would that have  
1871 on what you could do?

1872 \*Mr. Bowen. A significant effect.

1873 \*Mr. Yarmuth. Would you be able to do your work if this  
1874 policy were applied to you?

1875 \*Mr. Bowen. As testifying before this Committee, I

1876 would have to be more circumspect about what I said, but  
1877 everything I have said today, virtually everything I have  
1878 said today, we have reported on in the past, and so this is  
1879 not new news. We first called the problem of corruption in  
1880 Iraq a second insurgency over a year ago.

1881 \*Mr. Yarmuth. Mr. Walker, did you know that the State  
1882 Department would consider the broad statement in your report  
1883 that characterized the ability of the Iraqi government to  
1884 deal with corruption to be classified information?

1885 \*Mr. Walker. No. Several comments on that, first, my  
1886 testimony is based on this report which the State Department  
1887 had an opportunity to review and comment on, and they did not  
1888 classify any of the information in this report which is the  
1889 basis of my testimony.

1890 Secondly, I can understand why the State Department  
1891 might have a concern if you were talking about specific  
1892 individuals because, frankly, in our own Country, we would  
1893 probably have concerns about testifying with regard to  
1894 ongoing investigations dealing with specific parties. But  
1895 with regard to the broader challenge, itself, I think it  
1896 would be over-reaching to try to classify discussions about  
1897 the broader overall challenge.

1898           \*Mr. Yarmuth. I was going to ask you, the report that  
1899           you submitted, if the State Department were to issue it, this  
1900           entire report would have been classified, wouldn't it, under  
1901           those guidelines?

1902           \*Mr. Walker. Well, we did submit it to them both for  
1903           comment, which we do under generally accepted government  
1904           auditing standards, and secondly also for sensitive review  
1905           and classification review, and what you have before you is  
1906           unclassified.

1907           \*Mr. Yarmuth. As part of this new classification  
1908           policy, the State Department also went back and retroactively  
1909           classified the reports issued by the Office of Accountability  
1910           and Transparency. I understand that both GAO and the Special  
1911           Inspector General received copies of these reports when they  
1912           were unclassified.

1913           Either of you, did anyone ever tell you that these  
1914           reports were classified before you received them?

1915           \*Mr. Walker. No, and quite frankly I have seen at least  
1916           two circumstances within the last two months where both the  
1917           State Department, this being one, and the Defense Department  
1918           attempted to retroactively classify something that had been  
1919           made available publicly and in some cases were on the

1920 worldwide web which is obviously, I think, highly  
1921 questionable.

1922 \*Mr. Yarmuth. Thank you very much.

1923 It is pretty obvious, Mr. Chairman, that we all know  
1924 what is going on here. There is no real danger to national  
1925 security from these reports. The State Department was fine  
1926 with circulating them on an unclassified basis throughout the  
1927 government, and it wasn't until this Committee asked to see  
1928 the documents that they took this action. So it is pretty  
1929 clear that the Administration just wants to muzzle any  
1930 comments that reflect negatively on the Maliki government.

1931 \*Chairman Waxman. Will the gentleman yield to me on  
1932 that point?

1933 \*Mr. Yarmuth. Yes, Mr. Chairman.

1934 \*Chairman Waxman. We even asked one of the people at  
1935 the State Department whether he agreed with a statement by  
1936 Secretary Rice when she praised Prime Minister Maliki for his  
1937 efforts to stop corruption. She even praised him.

1938 We asked this fellow from the State Department, do you  
1939 agree with that, and he said, I am not allowed to discuss  
1940 that in an open forum.

1941 I can't believe the attitude that the State Department



1942 has taken in this regard. It is just incomprehensible to me.  
1943 We are going to insist on our rights for the Congress of the  
1944 United States to be able to get information about corruption  
1945 in the Iraqi government. Their only excuse is that it might  
1946 embarrass the Maliki government.

1947 Well, I think that the information that is already on  
1948 the record, that is public knowledge should be a source of  
1949 embarrassment to the Maliki government and a source of  
1950 concern to the U.S. Government. The levels of corruption  
1951 according to General Walker and Special Inspector General  
1952 Bowen and Judge Radhi is that corruption is increasing in  
1953 Iraq, and the State Department can't keep us from knowing  
1954 that and can't censor that just because they think it might  
1955 embarrass or hurt our relationship with the Maliki  
1956 government. Too many Americans are over there fighting and  
1957 dying and too many American are paying taxes to support the  
1958 efforts in Iraq for her to pretend something is not happening  
1959 when we all know it is happening.

1960 I thank the gentleman for yielding to me.

1961 \*Mr. Yarmuth. Thank you, Mr. Chairman. I yield back.

1962 \*Mr. Walker. Mr. Chairman, could I real quickly? I  
1963 testified that corruption is a serious problem in Iraq, and

1964 it is, but I can't attest as to whether or not it is  
1965 increasing or decreasing based upon our work.

1966 \*Chairman Waxman. Well, I am not citing you, but both  
1967 Mr. Bowen and Judge Radhi.

1968 \*Mr. Walker. You are correct. The others did. I just  
1969 wanted to be clear for the record.

1970 Thank you, Mr. Chairman. I appreciate that.

1971 \*Chairman Waxman. You covered yourself.

1972 Mr. Braley.

1973 \*Mr. Braley. Thank you, Mr. Chairman.

1974 Mr. Walker, it is good to see you again. Do you have  
1975 any ulterior motive for being here today?

1976 \*Mr. Walker. I work for the Congress of the United  
1977 States. This is our authorization, authorizing Committee. I  
1978 have no ulterior motive other than to serve my client.

1979 \*Mr. Braley. Mr. Bowen, likewise, good to see you  
1980 again. Do you have any ulterior motive for being here today?

1981 \*Mr. Bowen. No. I am responding to your invitation and  
1982 thankful for the opportunity to testify.

1983 \*Mr. Braley. I raise that interesting question because  
1984 one of the witnesses on the panel with you has had questions  
1985 raised by other members of the Committee about his ulterior

1986 motives for being here today.

1987 Judge Radhi, you were the top Iraq anti-corruption  
1988 official for several years. You investigated thousands of  
1989 cases involving Shiites, Sunnis and Kurds. By being so  
1990 persistent and evenhanded, you made both friends and enemies.

1991 We have talked with many people in the U.S. Government  
1992 who are very proud to be associated with you. For example,  
1993 Christopher Griffith is a Senior Advisor to the U.S. Office  
1994 of Accountability and Transparency at the U.S. Embassy in  
1995 Iraq, and he said this about you, "I think he is the most  
1996 honest government of Iraq official that I have met in my 21  
1997 months in the country. He has never lied to me. He has  
1998 tried to be studiously non-sectarian in his efforts, and I  
1999 have worked closely with them. To the extent that I would  
2000 trust a government of Iraq official, I would trust him."

2001 Judge Arthur Brennan who is the Director of the Office  
2002 of Accountability and Transparency in the Embassy said this  
2003 about you, "Among the people that I have worked with in the  
2004 U.S. Embassy, Judge Radhi had the reputation as a courageous,  
2005 honest and effective and at least as effective as you could  
2006 be under the circumstances as effective Director of CPI."

2007 Of course, you know Mr. Bowen who is sitting next to you

2008 today. When you resigned your position last month because of  
2009 escalating death threats against you and your family, Mr.  
2010 Bowen stated, "It is a real blow to anti-corruption efforts  
2011 in Iraq. He was the most prominent anti-corruption  
2012 enforcer."

2013 Mr. Bowen, do you stand by that statement today?

2014 \*Mr. Bowen. Yes, I do.

2015 \*Mr. Braley. Last month, you were attacked by the  
2016 Maliki government.

2017 Mr. Bowen, from what you know about Judge Radhi and his  
2018 work in Iraq on these very important anti-corruption issues,  
2019 do you believe there was any merit to those accusations?

2020 \*Mr. Bowen. I found Judge Radhi to be my most reliable  
2021 partner in carrying out my mission in Iraq. Accusations are  
2022 commonplace within the Iraqi government, and I don't have any  
2023 information about the merits of them.

2024 \*Mr. Braley. Well, Judge Radhi, I just want to join the  
2025 rest of the Committee in thanking you for making the  
2026 difficult journey here to share your important testimony with  
2027 us. No one here understands what you have been through as a  
2028 true and courageous person standing up for truth, standing up  
2029 for justice, and we appreciate your efforts and thank you for

2030 joining us.

2031 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Thank you.

2032 \*Chairman Waxman. Thank you very much, Mr. Braley.

2033 First, I want to ask unanimous consent that the  
2034 documents that were referred to in questioning which the  
2035 majority and minority have looked at be admitted to the  
2036 record.

2037 \*Mr. Issa. It has been mutually agreed to.

2038 \*Chairman Waxman. Without objection, that will be the  
2039 order.

2040 Mr. Issa, you wanted to ask a few more questions.

2041 \*Mr. Issa. Yes. I am going to be very brief. Believe  
2042 or not, this is my first round, but if enough people yield to  
2043 you, it seems like you have been here forever.

2044 I just want to follow up on a question that I asked  
2045 earlier, and I asked the question for a reason. We are  
2046 putting in \$6 billion a month into Iraq by anyone's rounding  
2047 error. It is great or it is less. It is huge.

2048 That huge amount of money, approaching a trillion  
2049 dollars that has been spent in this theater so far, why  
2050 wouldn't we treat, and this is for General Walker first and  
2051 then for Mr. Bowen. Why wouldn't we treat Iraq oversight of

2052 their corruption and of their use of their funds as we  
2053 treated the Marcos government, as we dealt with the post-  
2054 Soviet Russian period, as we have dealt with Colombia and  
2055 other countries in which drug money has had an adverse  
2056 influence?

2057 Why wouldn't this Committee look at it in terms of the  
2058 leverage of U.S. money?

2059 I ask that because, although I don't believe we have yet  
2060 made the case, I hope by the time we adjourn in a few  
2061 minutes, we will have made the case that, in fact, this  
2062 Committee in both an unclassified and, with the Chairman's  
2063 indulgence, hopefully, in a classified setting, should be  
2064 learning much more than any one individual can tell us.

2065 I would go to General Walker first. In your opinion,  
2066 your experience, is it appropriate for us to have oversight  
2067 over the billions of dollars being spent of U.S. dollars and  
2068 not see the effects of the other dollars? Because I would  
2069 presume that for every dollar that we don't spend, the Iraqis  
2070 would have to find a way to come in many cases with those  
2071 dollars, and for every dollar we contribute, we relieve their  
2072 obligation to use their oil money wisely.

2073 General Walker?

2074           \*Mr. Walker. Well, first, I think this Committee has a  
2075 responsibility to aggressively oversee expenditure of U.S.  
2076 funds, especially when it deals with contracting and other  
2077 related activities in Iraq. Secondly, I believe that in  
2078 general terms it is not the U.S. Government's responsibility  
2079 nor is it appropriate for us to investigate Iraqi sovereign  
2080 money.

2081           However, I do believe it is in the interest of this  
2082 Committee, the Congress and our Country to understand the  
2083 nature and extent of corruption overall and to what extent  
2084 does that undermine the ability of the Iraqi government to  
2085 deliver on its promises with regard to funding and the  
2086 ability of the Iraqi government to meet the 18 benchmarks  
2087 that are necessary in order to achieve "success."

2088           \*Mr. Issa. Right. The second part of the question, in  
2089 your opinion, would that require a follow-up in a classified  
2090 setting for this Committee to fully understand some of what  
2091 you and the State Department and other sources could give  
2092 us?

2093           \*Mr. Walker. I clearly think it is in the Committee's  
2094 interest to obtain access to as much information as possible  
2095 and to the extent that there is information available that is

2096 classified, then I would encourage you to avail yourself of  
2097 that classified information as I did in connection with the  
2098 Iraqi 18 benchmark report that we issued.

2099 \*Mr. Issa. Mr. Bowen?

2100 \*Mr. Bowen. Yes, Mr. Issa, the classified hearing makes  
2101 sense since those reports are now classified, and I have read  
2102 them, and they full of details about corruption within the  
2103 Iraqi Ministries, specifically cases, case details. So I  
2104 think that would be useful for the Committee.

2105 As to the first part of your question, the United States  
2106 has enormous interest in the success of democracy in Iraq,  
2107 clearly. Iraqi corruption, by the Iraqi government's own  
2108 admission, threatens that state today.

2109 The Coalition Provisional Authority, essentially a U.S.  
2110 entity, created two thirds of the anti-corruption effort, the  
2111 CPI, which Judge Radhi headed for the last three years, and  
2112 the Iraqi Inspectors General, and by creating them took on  
2113 the burden to build their capacity. They were new entities.  
2114 Did not sustain that burden as our audits have shown either  
2115 through effective strategic planning or appropriate funding.

2116 The way ahead, implicit in your question on that front,  
2117 I think is engaging those with expertise in the issues you



2118 alluded to, international corruption and the fight against  
2119 it.

2120 That is the World Bank. They have two people in Iraq  
2121 right now. I met with them in August. They have good ideas.  
2122 They have no capacity themselves to address the issue. They  
2123 need to lean forward and deploy and, more broadly, other  
2124 United Nations efforts. UNAMI needs to engage, needs to be a  
2125 presence, ultimately.

2126 As with everything in Iraq, multi-lateralizing the  
2127 solution will improve the likelihood of success of this  
2128 fledgling democracy.

2129 \*Mr. Issa. Thank you.

2130 Judge, just in closing, I want to thank you for your  
2131 courageous work over the last several years. Hopefully, you  
2132 understand that even though tough questions are always asked  
2133 by this Congress, it is with great appreciation for the work  
2134 that you have done in Iraq on behalf of your country.

2135 I yield back, Mr. Chairman.

2136 \*Mr. al-Radhi. [Translated by Ms. Behrens.] Thank you.

2137 \*Chairman Waxman. Thank you very much.

2138 Thank you, all of you in this panel, for your  
2139 participation.

2140           We have votes on the House floor. We will respond to  
2141 those votes and be back here in 10 minutes because we still  
2142 have Ambassador Larry Butler from the State Department and  
2143 Ms. Claudia Rosett from the Foundation requested by the  
2144 Republicans.

2145           So we stand in recess to respond to the votes, which I  
2146 think we should be back here in 10 minutes.

2147           [Recess.]

2148           \*Chairman Waxman. The meeting of the Committee will  
2149 please come back to order.

2150           For our next witness, we are pleased to welcome  
2151 Ambassador Larry Butler. He is a Deputy Assistant Secretary  
2152 for Near East Affairs at the U.S. Department of State.

2153           Mr. Butler, it is the practice of this Committee that  
2154 all witnesses that testify take an oath.

2155           [Witness sworn.]

2156           \*Chairman Waxman. Your prepared statement will be in  
2157 the record in full, and I would like to ask you to proceed in  
2158 around five minutes.

2159 STATEMENT OF AMBASSADOR LARRY BUTLER, DEPUTY ASSISTANT  
2160 SECRETARY FOR NEAR EAST AFFAIRS, U.S. DEPARTMENT OF STATE

2161 STATEMENT OF LARRY BUTLER

2162 \*Mr. Butler. Mr. Chairman, Ranking Member Davis,  
2163 members of the Committee, thank you very much for the  
2164 opportunity to appear before you today.

2165 Just to digress a little bit, in the course of my 31  
2166 years with the State Department, I have served in countries  
2167 like Finland and Denmark where corruption is virtually  
2168 unheard of. In fact, this year, Transparency International's  
2169 Corruption Index lists those two countries in first and  
2170 second place as the least corrupt countries in the world.

2171 I have also served in countries that figure a little  
2172 further down in the list, namely, the countries that emerged  
2173 from the breakup of the former Yugoslavia where corruption  
2174 had long been a way of life. Thanks to sanctions, conflict  
2175 and transition from totalitarian Communist regimes,  
2176 corruption and law-breaking were essential for survival at  
2177 every level of society.

2178 Politicians sought elected and appointed office

2179 precisely to access public resources not just for personal  
2180 but also for partisan benefit. The shift from socialist to  
2181 private ownership was frequently characterized as brazen  
2182 daily robbery by insiders, organized crime and regime  
2183 cronies.

2184 I may have contributed to coining the term crony  
2185 capitalism to describe Milosevic's kleptocracy during my  
2186 service in Belgrade in the mid-1990s.

2187 We can, therefore, by extension and without knowing any  
2188 facts, presume that corruption should also be a serious  
2189 problem in Iraq as it is in practically every other country  
2190 in the throes of emerging from dictatorship and conflict  
2191 situations. None of us should underestimate the challenges  
2192 of establishing strong and transparent government  
2193 institutions in the wake of a dictatorship where corruption  
2194 was woven into the very fabric of governing, and none of us  
2195 should underestimate the challenge of rooting out corruption  
2196 in a combat zone, even one where violence is diminishing as  
2197 we have seen over the past six months.

2198 The Department of State has devoted considerable effort  
2199 and resources to helping courageous Iraqis establish  
2200 mechanisms and procedures to investigate and prosecute

2201 corruption. This is paralleled by efforts to build the  
2202 technical capacity of public institutions to execute their  
2203 budgets in transparent and accountable ways.

2204 It is fair to say we probably do not have a program in  
2205 the ministerial capacity development area that does not seek  
2206 to build an environment in which corruption is less  
2207 prevalent. There have been, as we say, negative impacts due  
2208 to the immutable law of unintended consequences. Mid and  
2209 senior level bureaucrats have become gun shy about signing  
2210 off on tenders and contracts for fear they may later be  
2211 prosecuted. A well intentioned but clumsily administered  
2212 anti-corruption system can be used to punish the wrong  
2213 persons.

2214 Our assistance ranges across a spectrum, a comprehensive  
2215 spectrum, inter alia: providing training to Iraqi anti-  
2216 corruption teams, securing armored vehicles and body armor  
2217 for them, recommending changes in specific laws that we  
2218 believe would help stem corruption. We are encouraged by  
2219 what has been achieved to date while fully cognizant that  
2220 much more needs to be done before Iraq's own anti-corruption  
2221 effort is self-sustaining.

2222 This year, the embassy established an Office of

2223 Accountability and Transparency with responsibility for  
2224 overseeing our anti-corruption programs. We continue to add  
2225 staff including specialists in anti-corruption. We have  
2226 urged the government of Iraq to establish its own interagency  
2227 body to coordinate anti-corruption efforts and to share best  
2228 practices, and they have done so by creating the Joint Anti-  
2229 Corruption Council.

2230 We have welcomed the recommendations of Mr. Bowen of the  
2231 Office of the Special Inspector General for Iraq  
2232 Reconstruction and are taking steps to implement them.

2233 Although I represent the Department of State at this  
2234 hearing, it is important to note that many other U.S.  
2235 Government agencies, including the Department of Justice and  
2236 the Agency for International Development, have also made  
2237 combating corruption an important part of their missions and  
2238 programs in Iraq.

2239 We pursue these efforts across the country and not just  
2240 in Baghdad. At the grassroots level, for example, the  
2241 Department of State funds a number of non-governmental  
2242 organizations that target corruption and are seeking to  
2243 create a civil society where government transactions are  
2244 transparent and subject to the rule of law.

2245           In conclusion, I would be happy to answer your  
2246 questions. I know you appreciate that some of the details,  
2247 if discussed outside of a classified setting, can endanger  
2248 the lives of those involved as well as impede our ability to  
2249 work with the government of Iraq.

2250           Thank you, Mr. Chairman.

2251           [Prepared statement of Mr. Butler follows:]

2252           \*\*\*\*\* INSERT \*\*\*\*\*



2253           \*Chairman Waxman. Thank you very much.

2254           Ambassador Butler, the problems of corruption in Iraq  
2255           have enormous implications for our efforts in Iraq. It is  
2256           undermining Iraqi confidence in their own government. It is  
2257           funding the insurgency, and it is fostering sectarian  
2258           divisions. All of those are major questions when it comes to  
2259           what is going on in the Iraqi government and the extent of  
2260           corruption that is taking place.

2261           I believe it is essential for Congress and the American  
2262           people to understand the extent of corruption and its impact  
2263           on our policy in Iraq.

2264           Our Committee staff tried to ask the State Department  
2265           officials about the corruption issue, but the State  
2266           Department refused to allow them to provide any answers  
2267           unless the Committee agreed that all answers would be  
2268           considered classified information and not discussed in  
2269           public.

2270           I am going to read to you some of the questions we tried  
2271           to ask Vincent Foulk who is a Senior Consultant for the  
2272           Office of Accountability and Transparency in the embassy.

2273           We asked him, what effect does corruption have on the  
2274           progress of the Iraqi government and their ability to move

2275 toward political reconciliation? He was instructed that he  
2276 could not answer this question in an open forum.

2277 We asked him whether Prime Minister Maliki or his  
2278 associates obstructed any anti-corruption investigations in  
2279 Iraq to protect his political allies. He said, I cannot  
2280 answer that question in an open forum.

2281 He and other State Department officials were also  
2282 instructed not to answer questions about whether the Iraqi  
2283 government has the political will to root out corruption and  
2284 whether corruption is funding the insurgency.

2285 Ambassador, we live in a democracy. Our system of  
2286 government depends on an informed public. What would be the  
2287 rationale for preventing these officials from answering the  
2288 Committee's questions in an open forum?

2289 \*Mr. Butler. Mr. Chairman, it is a fair question, and  
2290 permit me to say that every foreign service employee at the  
2291 State Department in their annual evaluation is required to,  
2292 is evaluated on his or her performance in protecting  
2293 sensitive national security information and system.

2294 \*Chairman Waxman. I understand that. Is that sensitive  
2295 national security information to ask the questions that I  
2296 just reported we asked?

2297           \*Mr. Butler. We heard earlier today, Mr. Chairman,  
2298 graphic testimony from Judge Radhi about the risks, the very  
2299 real risks and the price that he and his associates have paid  
2300 in Iraq in pursuing and attempting to deal with the  
2301 corruption that exists in Iraq.

2302           The programs that we have contain two elements which are  
2303 nationally sensitive. One is some of them are operational.

2304           \*Chairman Waxman. We are not asking specific questions.  
2305 We are asking general questions. What I understand is that  
2306 the State Department people told us that to ask questions  
2307 that were critical of the Maliki government would undermine  
2308 our relationship with them, and therefore it would be  
2309 contrary to our foreign policy interests.

2310           Does that make it classified?

2311           \*Mr. Butler. That very much falls under one of the  
2312 provisions in the executive order that provides the basis for  
2313 classification which is where revelation of information would  
2314 damage bilateral relationships. It is intended to be kept  
2315 confidential, Mr. Chairman.

2316           \*Chairman Waxman. Well, let me ask you some of these  
2317 questions, and you tell me if this is something that you  
2318 think has to be kept confidential.

2319           Has Prime Minister Maliki or his associates obstructed  
2320 any anti-corruption investigations in Iraq to protect his  
2321 political allies?

2322           \*Mr. Butler. I would be unable to answer that question  
2323 in an unclassified setting, Mr. Chairman.

2324           \*Chairman Waxman. Why is that?

2325           \*Mr. Butler. This goes to the nature of our  
2326 relationship with the government of Prime Minister Maliki,  
2327 and we have repeatedly on many occasions offered to the  
2328 Committee and to staff to provide answers to questions like  
2329 this in a classified setting.

2330           \*Chairman Waxman. The American people want to know  
2331 whether the government of Iraq currently has the political  
2332 will or the capability to root out corruption within its  
2333 government. Do you believe that the government of Iraq has  
2334 that will?

2335           \*Mr. Butler. I am in a position to detail many of the  
2336 anti-corruption efforts undertaken by the government of Prime  
2337 Minister Maliki.

2338           \*Chairman Waxman. No, no, that is not the question I  
2339 asked you.

2340           Do you believe that the government of Iraq currently has

2341 the political will or the capability to root out corruption  
2342 within its government?

2343 \*Mr. Butler. Mr. Chairman, questions which go to the  
2344 broad nature of our bilateral relationship with Iraq are best  
2345 answered in a classified setting, and we are very prepared to  
2346 do that. We are prepared to respond.

2347 \*Chairman Waxman. That information would be classified?

2348 I mean all the people we have in Iraq getting killed,  
2349 all the billions of dollars we are spending in Iraq. The  
2350 American people are asking, what are we doing and what are  
2351 the chances for success?

2352 How are we going to have any chance of success if there  
2353 is corruption going on in the Maliki government?

2354 If I, as a representative of over 600,000 people and  
2355 Chairman of this Committee, ask you from the State Department  
2356 whether he has a chance to succeed, you can't answer that?

2357 \*Mr. Butler. Mr. Chairman, we have repeatedly made  
2358 clear our willingness to meet with you and your Committee  
2359 members in a closed session.

2360 \*Chairman Waxman. Well, Mr. Ambassador, I think that  
2361 Secretary Rice is going to have a confrontation with this  
2362 Committee because we are not going to accept the idea that if

2363 you say something that could be negative about the Maliki  
2364 government, it is classified; if you say something about them  
2365 positive, it is okay. That seems to be what we have been  
2366 told by the State Department.

2367 I consider that completely unacceptable, and we are  
2368 going to have a confrontation on this because the Executive  
2369 Branch must answer the questions of the Legislative Branch if  
2370 we are to do our job.

2371 I just think that this business that this cannot be  
2372 answered, even a broad question, in a public forum or a  
2373 hearing of the Congress is absurd.

2374 \*Mr. Butler. Mr. Chairman, we are prepared at any time  
2375 in the appropriate setting to answer your questions to the  
2376 best of our ability.

2377 \*Chairman Waxman. Is it inappropriate for me to ask you  
2378 whether you think the Maliki government is working hard to  
2379 improve the corruption situation so that he can unite his  
2380 country?

2381 \*Mr. Butler. A broad assessment along that line, I  
2382 would prefer to address in a closed setting, Mr. Chairman.

2383 \*Chairman Waxman. You would prefer, but do you feel  
2384 that you have the right to say that you won't answer that

2385 question?

2386 \*Mr. Butler. My experience in 31 years of dealing with  
2387 the Soviet Union and dealing with Milosevic's Yugoslavia,  
2388 this is, I would prefer to address, be able to respond to  
2389 that question in appropriate circumstances, Mr. Chairman.

2390 \*Chairman Waxman. Do you think it would be appropriate  
2391 if I asked you whether we should approve billions more for  
2392 the Iraq War if the Maliki government is not doing its best  
2393 to stop corruption?

2394 \*Mr. Butler. Mr. Chairman, clearly, corruption is a  
2395 fact of life on the ground in Iraq as it is in any of the  
2396 countries in the former Yugoslavia, and unfortunately, as we  
2397 find in our own Country, this does not mean that we can give  
2398 up on our efforts to root our corruption with the best of our  
2399 abilities in, in this case, a sovereign country. Iraq  
2400 deserves the best.

2401 \*Chairman Waxman. You talked about Sweden. You talked  
2402 about Yugoslavia. You talked about other countries and how  
2403 they don't have a lot of corruption in the Nordic countries.  
2404 Did you have authority to make that statement from the State  
2405 Department?

2406 \*Mr. Butler. Each foreign service officer, each

2407 government employee, who is entrusted with national security  
2408 information, has rather, is required to exercise their  
2409 judgment as to what constitutes national security  
2410 information.

2411 In this particular case, it is well established and on  
2412 the record that Finland and Denmark rank one and two on  
2413 Transparency International.

2414 \*Chairman Waxman. Where does Iraq rank?

2415 \*Mr. Butler. Pretty close to the bottom on Transparency  
2416 International's list.

2417 \*Chairman Waxman. Do you feel you can say that in a  
2418 public forum? You said it.

2419 \*Mr. Butler. I can certainly quote Transparency  
2420 International.

2421 \*Chairman Waxman. Who are below them?

2422 \*Mr. Butler. I do not know.

2423 \*Chairman Waxman. Well, I understand it is Myanmar and  
2424 Somalia. That has to be way there on the bottom, and Iraq is  
2425 right next to them.

2426 Mr. Issa.

2427 \*Mr. Issa. Thank you, Mr. Chairman.

2428 You know the line of questioning is one that I think it



2429 would be inappropriate to let go of. You do publish. This  
2430 is a leading question, but you do publish or do you publish,  
2431 as you do with Egypt and other countries, an annual report on  
2432 Iraq including its transparency and corruption?

2433 \*Mr. Butler. We publish quarterly reports that we  
2434 submit to the Congress on 2207, I think.

2435 \*Mr. Issa. Have those been provided to the Committee?

2436 \*Mr. Butler. Those have been provided to the Committee.

2437 \*Mr. Issa. Fully vetted, do those or do those not say,  
2438 about many countries, and I have worked the Egyptian desk, so  
2439 to speak. So I have read those every year along with all the  
2440 other areas, the Lavant.

2441 Iraq, in that report, looks better or worse than Egypt  
2442 or other countries in the Lavant, other Arab countries?

2443 \*Mr. Butler. The 2207 report is very specific to Iraq,  
2444 and I would not be able to draw comparisons to other  
2445 countries.

2446 \*Mr. Issa. Does it look pretty bad? Does it look like,  
2447 in fact, that you have a corrupt government in that report?

2448 \*Mr. Butler. I cannot recall. In the 2207 report, I  
2449 don't think we get very much into the specifics of  
2450 corruption.

2451           \*Mr. Issa. Okay. So do you think there should be a  
2452 report that talks about a direction improvement or dropping  
2453 off in the level of transparency and/or corruption in Iraq?

2454           \*Mr. Butler. The embassy, under the direction of  
2455 Ambassador Crocker, is focused and will continue to be  
2456 focused on dealing with the issues involving corruption in  
2457 Iraq.

2458           We have stipulated; there is corruption in Iraq. How to  
2459 measure it, I don't know. This is a country that is  
2460 undergoing violence. It is difficult to figure out what are  
2461 your definitions.

2462           \*Mr. Issa. Well, you mentioned the post-Soviet period.  
2463 Does it look a lot like Russia did?

2464           \*Mr. Butler. It looks very similar. Many aspects of  
2465 that do look similar.

2466           \*Mr. Issa. So in a post-dictatorship period, a post-  
2467 organization period, an emerging democracy with  
2468 privatization, with systems that were previously subsidized  
2469 in one way that are not being subsidized the same way now,  
2470 it, to you -- only wanting your opinion -- is it not  
2471 surprising, even if we didn't have the violence, even if we  
2472 didn't have the insurgency, that this is, in fact, pretty

2473 close to a basket case as far as legitimacy of the  
2474 institutions of government and delivering services?

2475 \*Mr. Butler. I don't, would not. I would not associate  
2476 myself with an assessment close to a basket case.

2477 The government of Iraq is in an ongoing process of a  
2478 revolution of creating a government in a democracy where one  
2479 did not exist before.

2480 \*Mr. Issa. Is it better than the mid-1990s in Russia?

2481 \*Mr. Butler. Hard to make comparisons.

2482 \*Mr. Issa. Does it look reminiscent of the mid-1990s in  
2483 Russia?

2484 \*Mr. Butler. In some areas, there are many  
2485 similarities.

2486 \*Mr. Issa. What is Maliki doing as far as you know or  
2487 key ministers of his to fight corruption that you can say is  
2488 being effective?

2489 \*Mr. Butler. During the 18 months that Prime Minister  
2490 Maliki and his government have been in power, and that is, I  
2491 think, a key number to focus on. It has only been 18 months.

2492 He inherited the Commission on Public Integrity as well  
2493 as the Board of Supreme Audit that were established prior to  
2494 him assuming power, becoming the first democratically-elected

2495 Prime Minister of Iraq subsequent to 2003.

2496 He created the Joint Anti-Corruption Council in May,  
2497 2007. The Prime Minister has provided crucial support to the  
2498 JACC's creation which is an Iraqi solution to an Iraqi  
2499 problem.

2500 Part of the Joint Anti-Corruption Council's agenda is to  
2501 formulate recommendations, and this is one of the areas that  
2502 I know came up earlier in the day, and this has to do with  
2503 Paragraph 136(b) of the Iraqi Criminal Procedures Code. That  
2504 is on their agenda to deal with.

2505 They are also working with the Inspector Generals to  
2506 create an association to coordinate strategic goals.

2507 \*Mr. Issa. Okay. My time is going to run out, and I  
2508 appreciate the long list, but let me just ask one question.

2509 The President has openly said that he is -- I will  
2510 characterize -- disappointed in this government's movement  
2511 toward passing certain almost universally agreed on need for  
2512 reforms, such as carbon sharing, such as these corruption  
2513 laws. To the extent that they are on the agenda, you get no  
2514 points.

2515 Do you see the likelihood that in a timely fashion they  
2516 are going to be passed and enforced? I want your opinion,

2517 your assessment on that.

2518 \*Mr. Butler. I would need to take the so-called  
2519 benchmark legislation which doesn't include anti-corruption  
2520 measures specifically, but they are all built in there.  
2521 Ambassador Crocker, working with Prime Minister Maliki,  
2522 continues to work towards achieving the legislative goals.

2523 In the meantime, two things I would like to throw out  
2524 there is that Prime Minister Maliki did something back in  
2525 March which dramatically improved one aspect where there had  
2526 been corruption, and he put the Iraqi Army around the Bayji  
2527 refinery.

2528 \*Mr. Issa. He started watching the oil.

2529 \*Mr. Butler. He started watching the refined oil,  
2530 specifically, which was literally going out the front and  
2531 back gate and was ending up on the black market.

2532 The second thing the Prime Minister did, and I think  
2533 this is an important point, was followed an IMF  
2534 recommendation to, on two occasions, increase the price of  
2535 fuel in Iraq which reduced the disparity between the black  
2536 market price and the street price, which has taken a huge  
2537 bite out of the black market.

2538 Some of that money was going into criminal networks, some of

2539 it was going to feed the insurgency. These are very  
2540 important steps to drain the swamp that were insurgents and  
2541 organized crime are operating.

2542 \*Chairman Waxman. The gentleman's time has expired, but  
2543 how can you say all those positive things about Iraq but you  
2544 can't admit to any of the negative things?

2545 \*Ambassador Butler. Mr. Chairman, we acknowledge there  
2546 is corruption in Iraq, and corruption, by necessity, is  
2547 defined as when government officials at every level are not  
2548 discharging their jobs. We recognize that this is a rapidly  
2549 changing environment and we have an embassy which is rapidly  
2550 changing and evolving to meet and respond to the threat, if  
2551 you would, --

2552 \*Chairman Waxman. I am talking about what you are able  
2553 to say in this meeting. You are able to say all the things  
2554 that you think are positive that he is doing, but you are not  
2555 able to talk about the failures of the Iraqi government, even  
2556 though we had a panel that has given us very clear indication  
2557 that this government is riddled with corruption. Why can you  
2558 talk about the positive things and not the negative things?  
2559 Shouldn't we have the whole picture?

2560 \*Ambassador Butler. Mr. Chairman, I would be very

2561 pleased to answer those questions in an appropriate setting.

2562 \*Chairman Waxman. An appropriate setting for positive  
2563 things is a congressional hearing, but to say anything  
2564 negative has to be behind closed doors?

2565 \*Ambassador Butler. This goes, as you know, to the very  
2566 heart of diplomatic relations and national security. This is  
2567 our ability to --

2568 \*Chairman Waxman. No, it goes to the heart of  
2569 propaganda.

2570 Ms. Watson?

2571 \*Ms. Watson. Thank you, Mr. Chairman.

2572 Stuart Bowen and David Walker testified earlier today  
2573 about the lack of leadership undermining the anti-corruption  
2574 efforts at the U.S. embassy in Iraq. Mr. Bowen and Mr.  
2575 Walker are certainly not alone in that sentiment, and as I  
2576 sit here -- and you know I have been there out in the field,  
2577 at a post, and any area of corruption I reported to the  
2578 Secretary of State immediately. So on my watch I would not  
2579 allow it go on without at least making a statement about it,  
2580 and I would go any place at any time to say that American  
2581 taxpayers' money was being abused and misused. So over the  
2582 past few weeks Committee staff have interviewed several

2583 embassy officials involved with U.S. embassy anti-corruption  
2584 efforts and they uniformly told us that no single official  
2585 has been put in charge of U.S. efforts to combat Iraqi  
2586 corruption and that there is no coordinated strategy for  
2587 fighting corruption in Iraq.

2588 Judge Arthur Brennan, who served as the Director of the  
2589 Office of Accountability and Transparency for part of 2007  
2590 was asked whether there was an overall U.S. strategy for  
2591 combating Iraqi corruption, and let me read an excerpt from  
2592 his transcript: "During the time you were there, were you  
2593 aware of any coordinated U.S. strategy to fight corruption in  
2594 Iraq?" The answer was "No."

2595 James Santelle, Rule of Law Coordinator at the U.S.  
2596 Embassy, told Committee staff the following: "The embassy,  
2597 over time, developed what are called stovepipe institutions.  
2598 There is not coordination, as I have said before. You have a  
2599 system where the coordination is lacking."

2600 Anti-corruption efforts are supposed to be a cornerstone  
2601 of the United States' effort to bring political  
2602 reconciliation in Iraq. How is it possible that these  
2603 efforts can be in such disarray?

2604 \*Ambassador Butler. Ambassador, to take a moment and



2605 describe Embassy Baghdad and the environment it is in, and to  
2606 pay tribute to the men and women of the United States, as  
2607 well as their counterparts in the Iraqi government who have  
2608 stood up to tackle the very real challenges presented to the  
2609 development of a market-based economy and a real democracy,  
2610 Embassy Baghdad is an embassy where it endures nearly 100  
2611 percent turnover every year and in a rapidly changing  
2612 external environment --

2613 \*Ms. Watson. May I stop you there, Ambassador Butler?  
2614 Because our time runs out. But we have a fundamental  
2615 responsibility to do something about the corruption. We were  
2616 told in the beginning -- of course, I didn't support this  
2617 war, but we were told that the monies from oil would support  
2618 the war. We are waiting -- and not breathlessly, because I  
2619 intend to vote against it -- for another supplemental to put  
2620 billions of dollars of money in there. I don't see even a  
2621 light at the end of the tunnel, and I know how long how long  
2622 it has been going on. I know how long this government has  
2623 been set up. But I don't see the effort on the part of the -  
2624 - I think we are at the point now it is going to take  
2625 politics and diplomacy, not guns and bullets. We can't kill  
2626 everybody. We don't know what the enemy or the insurgents

2627 look like, so we are going to kill everybody that we think  
2628 looks like or supposedly is. I think it is time for  
2629 diplomacy, and we can't get from you on the ground, you know,  
2630 what is going on. Is there a coordinated effort? How are  
2631 you going after?

2632 And I know we have a relationship. It is a puppet  
2633 government, as far as I am concerned, but we ought to model  
2634 the right way to -- at least that is the way I was trained in  
2635 the State Department. I am very proud of it. We had to  
2636 model the right thing to do, and I spent my time going from  
2637 island to island out there in Micronesia, trying to get them  
2638 to do the right thing because they were using our dollars.  
2639 And I don't hear from the State Department what I am  
2640 expecting to hear. We have a fine tradition there. So what  
2641 are these people, who are new, coming in and doing? Are we  
2642 going after corruption? Are we pointing it out to Maliki?  
2643 Are we saying, you know, you have got to show us that you are  
2644 going after this corruption. These are taxpayers' dollars.  
2645 And if we want support for the --

2646 Anyway, can you respond? I am really disappointed in  
2647 what I am hearing.

2648 \*Ambassador Butler. Ambassador, I would like to say I

2649 agree with what you just said. Both the GAO nor SIGIR have  
2650 found any evidence of corruption in the expenditure of U.S.  
2651 taxpayer monies in Iraq, for which I derive a certain amount  
2652 of satisfaction, and also --

2653 \*Chairman Waxman. Well, that is not an accurate  
2654 statement.

2655 \*Ms. Watson. Nine billion dollars to Haliburton was  
2656 missing. Bremer was sitting right there at the table and he  
2657 didn't know where the money went.

2658 \*Ambassador Butler. The SIGIR reports that I have  
2659 looked at have in the last couple of years that I went  
2660 through show that we have got pretty good marks on our  
2661 programs. Regarding --

2662 \*Chairman Waxman. We have contracted --

2663 \*Ambassador Butler. Ambassador Crocker takes fighting  
2664 corruption very seriously. He has, as we do on a regular  
2665 basis --

2666 \*Ms. Watson. Excuse me, Ambassador. Ambassador Bremer  
2667 sat there and said he did not know where that \$9 billion  
2668 went. So for you to say that you did accounting, there was  
2669 no accounting. That money went in one way and there was no  
2670 accounting. There was testimony on the record. We would be

2671 happy to send that. And that was ambassador at the time  
2672 Bremer, and he certainly didn't oversee that we had an  
2673 accounting. Nine billion dollars would do a lot in this  
2674 Country for our children.

2675 \*Chairman Waxman. Time has expired.

2676 \*Ms. Watson. Excuse me. I know my time is up.

2677 \*Chairman Waxman. Unless you want to say something, we  
2678 are going to move to Mr. Davis.

2679 \*Mr. Davis. Thank you. Yes, I heard something  
2680 different in the testimony. I remember Ambassador Bremer  
2681 saying that we gave it to people who gave it out. There  
2682 weren't accounting systems further on down the line, but we  
2683 gave it to the appropriate authorities. As you know, it was  
2684 an emergency situation at the time; you had to start paying  
2685 people and the like.

2686 I gather that is your testimony.

2687 \*Ambassador Butler. These were CPA days, yes?

2688 \*Mr. Davis. Yes.

2689 \*Ambassador Butler. With accountable taxpayer money --  
2690 and if I am wrong on that one, sir, I do apologize -- IIRF  
2691 money and others --

2692 \*Mr. Davis. This was Iraqi money, I think is what she

2693 is talking about.

2694 \*Ambassador Butler. I believe that is correct. And it  
2695 was CPA time, as opposed to U.S. taxpayer money. We take our  
2696 responsibility to look after taxpayers' money very carefully,  
2697 very seriously. I just wanted to take a moment --

2698 \*Mr. Davis. Well, let me do this, because I have got  
2699 five minutes, and I don't want you answering her questions in  
2700 my five minutes, I am sorry.

2701 \*Ambassador Butler. Yes, sir.

2702 \*Mr. Davis. Page 1 of the strategy says that the basis  
2703 of the problem of corruption in Iraq is market distortions,  
2704 cultural tolerance, intimidation militias, undeveloped civic  
2705 culture, lack of government capacity. What market  
2706 distortions enable or foster corruption?

2707 \*Ambassador Butler. First and foremost, when you are  
2708 selling subsidized or under-market priced fuel. We saw  
2709 gasoline and diesel fuel being diverted all over the place  
2710 into the hands of militias and organized crime networks who  
2711 were selling it on the black market and pocketing the  
2712 difference. And that has been taken care of.

2713 \*Mr. Davis. Okay, so we have fixed that problem?

2714 \*Ambassador Butler. It is being fixed.

2715           \*Mr. Davis. Describe an example of cultural tolerance  
2716 of corruption.

2717           \*Ambassador Butler. For 35 years, the people in Iraq  
2718 lived under a system where you had to play by the rules of  
2719 the Bathist party and Saddam Hussein. That would be the  
2720 cultural. If you wanted to survive, you paid whatever you  
2721 had to to the boss on top of you and do things that were for  
2722 the regime and not for the benefit of the broad public.

2723           \*Mr. Davis. So it was like a little tip to get things.

2724           \*Ambassador Butler. And something we see in the former  
2725 Soviet Union and in the former Yugoslavia.

2726           \*Mr. Davis. Well, it is not uncommon, in fact, around  
2727 the world, is it?

2728           \*Ambassador Butler. No.

2729           \*Mr. Davis. What are some elements of civic culture  
2730 that would reduce corruption?

2731           \*Ambassador Butler. The lack of NGOs, civic  
2732 associations, societies that serve as public watchdogs who  
2733 are able to come in and say money has been wasted on this  
2734 particular project and effectively become whistleblowers and  
2735 can lobby in Baghdad or in the provincial governments.

2736           \*Mr. Davis. What would you say is the key government

2737 capacity that is most important in establishing fighting  
2738 corruption, would it be the IGs, the CPI, the BSA? And how  
2739 do we prioritize?

2740 \*Ambassador Butler. I wish I could point to one thing  
2741 that fights corruption. Corruption is a lot like a football  
2742 game, you have got to play defense with the IGs and the other  
2743 investigative bodies, but you also have to play offense, and  
2744 that means you put in place the mechanisms, the technical  
2745 capacity to reduce the ability of people to put money in  
2746 their pockets or steer contracts to cronies or family.

2747 \*Mr. Davis. We have heard a lot of questions about the  
2748 classification of documents. I guess really what I want to  
2749 know is allow you to say what steps the U.S. Embassy is  
2750 taking to assist the Iraqi government's counter-corruption.  
2751 How are the anti-corruption offices organized? What is the  
2752 strategic plan to assist in countering corruption? How many  
2753 people do we have involved with that and how much funding are  
2754 we allocating?

2755 \*Ambassador Butler. Over the last four years we have  
2756 dedicated significant Iraq reconstruction rehabilitation  
2757 funds to support Iraq anti-corruption --

2758 \*Mr. Davis. What is significant? Can you give me an

2759 idea what is significant?

2760 \*Ambassador Butler. I don't think I have a number for  
2761 you.

2762 \*Mr. Davis. To me, \$1,000 is significant, but in a case  
2763 like this, what is -- for some in government salary. What is  
2764 a significant amount, ball park, is it tens of millions?

2765 \*Ambassador Butler. I would have to come back to you on  
2766 that one in writing, sir.

2767 \*Mr. Davis. Okay, I think we need to know that. Okay.

2768 \*Ambassador Butler. I will come back for the record,  
2769 please.

2770 \*Mr. Davis. Okay. Keep going.

2771 \*Ambassador Butler. That was to support both the CPI  
2772 and the board of the supreme auditors. As a result of the  
2773 USG assistance to the Commission on Public Integrity, the  
2774 CPIs conducted over 4,000 investigations and made several  
2775 high profile arrests, including the former minister of  
2776 electricity and minister of labor and a number of officials  
2777 of the ministry of oil, and referred more than 2,000 cases  
2778 for prosecution to the Central Criminal Court. INL also  
2779 funds Department of Justice resident legal advisors. These  
2780 are U.S. prosecutors who advise and mentor criminal court



2781 justices in all manners of serious cases. We have also  
2782 funded Department of Justice ISITAP advisors and specialists  
2783 to train and mentor the investigators from the Commission on  
2784 Public Integrity. There were 11 of these investigators who  
2785 came back with Judge Radhi to learn how to do polygraphs.  
2786 Every one of those investigators went back to Iraq to get  
2787 back to work with their new skills. IRF also works to  
2788 enhance investigative capacity of the CPI, as well as provide  
2789 equipment for their investigators.

2790 And, most recently, we have just signed a grant with the  
2791 Organization for Economic Cooperation and Development for, I  
2792 think, about \$1.3 million to complement efforts on the  
2793 international compact for Iraq -- I am sorry, \$1.6 million --  
2794 to do the business side of anti-corruption efforts, and this  
2795 is precisely our efforts to multi-lateralize a problem that  
2796 we have been attacking just by ourselves.

2797 \*Mr. Davis. Okay. Thank you.

2798 \*Chairman Waxman. Thank you, Mr. Davis.

2799 Mr. Lynch?

2800 \*Mr. Lynch. Thank you, Mr. Chairman.

2801 I want to thank the witness for coming forward. Look, I  
2802 know you said we get high marks for our job, but I am trying

2803 to find evidence of that in the record here. We have an  
2804 assessment that currently there is no single office that has  
2805 the authority or responsibility for oversight, and to assure  
2806 that all anti-corruption efforts are focused on a common goal  
2807 or that efforts are being performed in an efficient manner.  
2808 We have got evidence here that the Office of Accountability  
2809 and Transparency has been hampered from the beginning by a  
2810 lack of support and leadership. The office has only had one  
2811 permanent director, Judge Brennan, and he lasted a month. I  
2812 heard he was doing a good job, but, again, he was only there  
2813 for a month.

2814 Now, I know that the Inspector General, Stuart Bowen,  
2815 had recommended that you appoint a senior leader from the  
2816 Department of State to run the office, and yet we have  
2817 evidence that, actually, by default, the acting head over  
2818 there was actually a paralegal doing administrative work. So  
2819 instead of an experienced senior Department person, you have  
2820 got an inexperienced paralegal. Hey, some paralegals are  
2821 great, not to run this critical agency.

2822 There is a lot of testimony here that you are not  
2823 getting high marks, to be honest with you. And then when we  
2824 ask you about the level of corruption here, we are getting

2825 answers like we don't want to talk about any broad statements  
2826 or assessments to judge the level of corruption in Iraq, and  
2827 yet I think we have sent over \$450 billion over there so far.  
2828 How does that square with your constitutional responsibility  
2829 and ours?

2830 \*Ambassador Butler. The embassy, the U.S. Government  
2831 has invested heavily in the last couple of years in broad-  
2832 based anti-corruption efforts. In the first instance this  
2833 was the playing offense side of it, to develop capacities in  
2834 ministries, and more recently, through the provincial  
2835 reconstruction teams, to develop capacities at the provincial  
2836 and municipal levels, which are showing very promising early  
2837 days.

2838 \*Mr. Lynch. Well, let's talk about that. You tell me.  
2839 You tell me. You have got this refusal here to testify in  
2840 any detail about the level of corruption in Iraq that we know  
2841 is going on. How do you reassure us in Congress,  
2842 representing the American people? They are looking for more  
2843 money over there and, yet, you won't even tell us about what  
2844 you have found in terms of the level of corruption and  
2845 whether things are getting better or worse over there. You  
2846 won't get into any of the details that the first panel talked

2847 about. How does that square? We have a problem here. We  
2848 have a problem of constitutional dimensions here.

2849 Now, I respect the job that you do, we all do, but it  
2850 appears that you don't have the same respect for the job that  
2851 Congress must do. We have an oversight responsibility. Not  
2852 to sign a blank check, but to find out how progress is being  
2853 made in terms of the resources that we have committed to  
2854 this.

2855 \*Ambassador Butler. Congressman, two things. One, we  
2856 have provided to the Committee all the documents from the  
2857 embassy that we were able to find related to corruption.  
2858 Second, we have made it clear that we are prepared to answer  
2859 your questions in an appropriate setting. We are prepared to  
2860 do that at any moment.

2861 \*Mr. Lynch. Look, I will leave it at this. This is a  
2862 matter of transparency. Do you see the irony here? You are  
2863 saying you have actually established a Committee on  
2864 Accountability and Transparency for the benefit of the Iraqi  
2865 people, and yet, here, when we ask you to exercise the same  
2866 transparency with respect to your responsibility to the  
2867 American people, you are claiming that there is a level of  
2868 confidentiality that is required, that we can't actually tell

2869 the American people, the American taxpayer what we are doing  
2870 with their money. It is just ironic that you are standing  
2871 there.

2872 And I know it is not your decision, sir; this decision  
2873 was made at the secretariat level. Let's be frank. And I  
2874 know you are just here doing your job, but it is totally  
2875 disrespectful to the American people.

2876 \*Ambassador Butler. Mr. Congressman, the issues and the  
2877 aspects that are involved in the fight against corruption in  
2878 Iraq risks people's lives. You heard that from Judge Radhi  
2879 earlier today, what has happened to him and to his  
2880 colleagues. It potentially endangers the lives of fellow  
2881 Americans who are on --

2882 \*Mr. Lynch. But, sir, if it wasn't for his testimony,  
2883 we would never hear about it, because you have got a gag  
2884 order on at the State Department. It is his testimony that  
2885 we are discussing today. But the State Department has  
2886 offered no clear assessment. You haven't really fulfilled  
2887 your responsibility to the American people, in my opinion.

2888 \*Ambassador Butler. We have provided the documents as  
2889 requested. We have also provided the witnesses, the  
2890 individuals that have been deposed in the last week, and we

2891 are prepared, in a classified setting, to answer questions to  
2892 our best ability in detail.

2893 \*Mr. Lynch. Very disappointed.

2894 I yield back.

2895 \*Chairman Waxman. Thank you.

2896 Mr. Shays.

2897 \*Mr. Shays. I am not disappointed with your testimony.

2898 In my judgment, you are being asked to say that individuals  
2899 in Iraq are corrupt, and then we have to work with those  
2900 individuals, and I don't see how that helps our soldiers win  
2901 in Iraq; I don't see how it makes us safer in Iraq. I am  
2902 accused sometimes of being a pretty naive person. I don't  
2903 think I am, but I am accused of it. But the one thing I am  
2904 willing to say is Iraq is corrupt. We knew it under Saddam  
2905 and we knew just because we invaded them they wouldn't, all  
2906 of a sudden, become pure and uncorrupt. So I am not amazed  
2907 by it, and I would be pretty horrified if you started  
2908 depicting every leader in Iraq that we thought was corrupt.

2909 I would also like to correct for the record if it is  
2910 \$415 billion or \$600 billion. Those dollars are not what we  
2911 are talking about. We are talking about Iraqi government  
2912 officials ripping off their fellow constituency with their

2913 dollars, to which we do not have control. And I love how we  
2914 ask people in Congress to let them have their autonomy and  
2915 respect their autonomy, and then when we don't like what they  
2916 are doing, then we say we have got to step in and criticize  
2917 them. So this is where I think there is valid reason for  
2918 this hearing. It is an absolute waste of our time if we are,  
2919 all of a sudden, discovering that the Iraqis have a corrupt  
2920 government. That would be foolish.

2921 The real issue is what are the things we can do to make  
2922 it less corrupt. That is the issue. And I think it was  
2923 valid for both the Inspector General and the head of GAO to  
2924 say there should be one person in the embassy totally focused  
2925 on that issue. And I want to be on record as saying I hope  
2926 that the State Department will consider that recommendation.  
2927 I think it is constructive and I think it would be helpful.

2928 I would like to ask you about your reaction to Judge al-  
2929 Radhi and his testimony. What I know of him is that he is an  
2930 incredibly honest and dedicated Iraqi who happens to be a  
2931 Shia, and that he has met the point where he doesn't feel  
2932 that he can continue. But I also heard him say that he was  
2933 happy the United States came in and removed Saddam. I heard  
2934 him say that it would be a huge mistake for the United States

2935 to leave. Is his leaving Iraq -- first, what is your  
2936 impression of the job he did, his testimony, and can you  
2937 speak to that?

2938 \*Ambassador Butler. Congressman, thank you. I can only  
2939 offer tribute to the courage and the tenacity of the judge,  
2940 and his departure from the scene is a blow. It may be a  
2941 while before somebody with his capacity and willingness steps  
2942 in to replace him.

2943 \*Mr. Shays. Will it make it harder for Iraq to deal  
2944 with corruption when you lose someone who is so brave and so  
2945 talented?

2946 \*Ambassador Butler. It depends. It depends on how the  
2947 system responds. It is possible this serves as a shock to  
2948 the system, but certainly Ambassador Crocker, this week, has  
2949 ordered a review of how the embassy attacks anti-corruption.  
2950 One branch of it is how we develop capacity, and this is the  
2951 offensive side; creating systems where it is harder to be  
2952 corrupt, at the same time as continuing well-established  
2953 track record on developing Iraq's own sovereign ability to  
2954 deal with corruption. This is going to take time; there is  
2955 no hiding that.

2956 \*Mr. Shays. Now, it is his testimony, I think, that he



2957 didn't feel he got the help from the Maliki government that  
2958 he felt he deserved. Was that your reading of his testimony?  
2959 I am not asking you what you think; I am asking you what you  
2960 heard.

2961 \*Ambassador Butler. I didn't listen to all of his  
2962 testimony, Mr. Congressman.

2963 \*Mr. Shays. Okay. Well, the testimony was fairly clear  
2964 that he felt that he was taking a tough stand and was not  
2965 getting the support of the government.

2966 \*Chairman Waxman. Since they offered to kill him, I  
2967 would say that is an understatement that they didn't offer to  
2968 support him. They threatened his life.

2969 \*Mr. Shays. His testimony was he was not getting the  
2970 support and he felt his life was threatened. And I have met  
2971 other people like him, people like Fal al-Alusi, who has done  
2972 very brave things and his life is threatened. That is  
2973 nothing new for the folks that are trying to work on this  
2974 government. So I appreciate that he was here. He thinks it  
2975 would be helpful if there was someone within the embassy that  
2976 could be more focused on this issue. I think it is a  
2977 constructive part of this hearing to which, Mr. Waxman, I  
2978 thank you for helping to focus attention on that issue. But

2979 if it is to say that people in Iraq, the government is  
2980 corrupt, given 35 years under Saddam, there would be nothing  
2981 that would tell me it would be different now that you have a  
2982 government, to which I might add is concerned that we might  
2983 pull the rug out from under them and that they may not even  
2984 exist.

2985 \*Chairman Waxman. May I ask, Mr. Shays, do you think  
2986 this is an appropriate question? Has Prime Minister Maliki  
2987 or his associates obstructed any anti-corruption  
2988 investigations in Iraq to protect his political allies? Do  
2989 you think that is an appropriate question?

2990 \*Mr. Shays. Of course. Is there anything that you  
2991 would think that I would think it wasn't appropriate?

2992 \*Chairman Waxman. Well, Ambassador Butler refused to  
2993 answer it.

2994 \*Ambassador Butler. Ambassador Butler offered to answer  
2995 that in a closed setting, Mr. Chairman.

2996 \*Mr. Shays. In a closed forum. So I would answer your  
2997 point. I think things about the prime minister should be  
2998 done behind closed doors and let Congress decide and listen  
2999 to the testimony. I don't think we should have government  
3000 officials be exposing people in those leadership positions.

3001           \*Chairman Waxman. Well, how about this question. Do  
3002 you believe that the government of Iraq currently has the  
3003 political will or the capability to route out corruption  
3004 within its government? Do you think that is a legitimate  
3005 question to get an answer to?

3006           \*Mr. Shays. I would hope that the Ambassador would  
3007 share with us his sense of that, yes.

3008           \*Chairman Waxman. Would you like to?

3009           \*Ambassador Butler. Mr. Chairman, Mr. Congressman, we  
3010 have provided an assessment of the concrete examples of the  
3011 Maliki government's efforts on anti-corruption, as well as a  
3012 general overview of the embassy's anti-corruption efforts,  
3013 which is a very appropriate subject for this hearing. And the  
3014 questions, the messages intended to transmit back to  
3015 Ambassador Crocker an overall assessment of the Maliki  
3016 government --

3017           \*Chairman Waxman. How about an answer to that question?

3018           \*Ambassador Butler. I would prefer --

3019           \*Chairman Waxman. The question is do you believe that  
3020 the government of Iraq currently has the political will or  
3021 the capability to route out corruption within its government.

3022           \*Mr. Shays. That is really a two-part question.

3023           \*Ambassador Butler. It is an assessment. Again, I  
3024 would prefer, because of the nuance involved in it, to do  
3025 that in a classified setting, sir.

3026           \*Chairman Waxman. Mr. Cooper.

3027           \*Mr. Cooper. Thank you, Mr .Chairman.

3028           Thank you, Mr. Ambassador. During this hearing today,  
3029 we have seen a pretty stark contrast. We saw, on the first  
3030 panel, Judge Radhi, who is risking his life to tell us the  
3031 truth, and here you are in the position of not being willing  
3032 to risk your career to tell us the truth. Now, I am not  
3033 faulting you, most people wouldn't want to risk their career,  
3034 but we have the responsibility of raising money from the  
3035 American people to pay for this war, and Judge Radhi told us,  
3036 in his testimony that, "The cost of corruption that my  
3037 commission has uncovered so far across all the ministries in  
3038 Iraq has been estimated to be as high as \$18 billion."

3039           Now, maybe that is Iraqi money. My friend, Mr. Shays,  
3040 tried to make that point, but money is fungible. I think  
3041 total U.S. appropriations for reconstruction in Iraq has been  
3042 about \$20 billion. And if money is fungible and they can  
3043 swap Iraqi money for dollars, we may have been party to  
3044 taxing American citizens to pay for massive new levels of

3045 corruption heretofore unseen in Iraq. We have been in the  
3046 country for four or five years now; they haven't exactly  
3047 pulled out of the bottom of the ratings on the corruption  
3048 index.

3049 The dispute we have had over what is an open testimony  
3050 and what is classified, the viewers should understand that it  
3051 is not what we hear in a classified session -- we would like  
3052 to learn as much as we possibly can -- but by hearing it in  
3053 that session, then we are unable to talk about it, so the  
3054 taxpayers don't get any new information. If you can't tell  
3055 us here, they will not learn a thing, and here, sir, the  
3056 people rule. And after four or five years than this, a  
3057 longer engagement than World War II, they are kind of  
3058 wondering what we should do, and we need to supply them with  
3059 answers, and it shouldn't be an ideological dispute.

3060 Let me ask you. I talked about the Jones Commission  
3061 before, an excellent independent, bipartisan commission that  
3062 reported last month, led by Marine Corps General James Jones,  
3063 and he said sectarianism and corruption are pervasive in the  
3064 Ministry of Interior and cripple the Ministry's ability to  
3065 accomplish its mission to provide internal security to Iraqi  
3066 citizens. He said basically it is so bad we have got to

3067       disband the whole thing.

3068               What is your opinion of General Jones' view of the  
3069       Ministry of Interior's behavior? Is he right or wrong?

3070               \*Ambassador Butler. Mr. Congressman, in 2004, the U.N.  
3071       restored sovereignty to the Iraqi government. The  
3072       recommendation as to what happens with the Ministry of  
3073       Interior and the police forces would be a decision for the  
3074       Iraqi people, the Iraqi Council of Representatives, and the  
3075       Iraqi government.

3076               Your first comment, my job here is to protect the lives  
3077       and the interests of the people that are in Baghdad and  
3078       throughout the country, from Irbil down to Basra. Some of  
3079       the details that have been alluded to would have the  
3080       potential of compromising their relationships and operations.  
3081       I am sure you will appreciate that. The military calls it  
3082       operational security, OPSEC. And the second part is our  
3083       ability to have influence and be able to maintain trust with  
3084       our interlocutors in Iraq is something which is very much  
3085       covered by national security information. It is a judgment  
3086       call and I have an obligation to them; not to my career, but  
3087       to the people who can't be here to answer your questions, but  
3088       have a very hard job to do. Judge Radhi and his colleagues

3089 risked their lives, some lost their lives. He has left his  
3090 country and his homeland and done a courageous thing by  
3091 coming before the Committee. There are folks still there who  
3092 have to finish the job, and the job will take as long as the  
3093 job takes. I can't predict when it will end.

3094 I have never seen corruption entirely routed out or  
3095 defeated anywhere, but the Iraqis, because it is their  
3096 country, have to develop the capacities, and your oversight  
3097 is more than appropriate, it is very welcome to make sure  
3098 that we in the Executive Branch are doing what we are  
3099 supposed to do, what we can do to support Iraq develop the  
3100 institutions and the capability to reduce corruption to the  
3101 point where it doesn't affect economic development, where it  
3102 doesn't fuel sectarian tensions, and helps this country  
3103 become a strong and vibrant democracy.

3104 \*Mr. Cooper. Marine Corps General Jones is as patriotic  
3105 as you are. Mr. Bowen, the SIGIR Inspector General of Iraq,  
3106 is as patriotic as you are. They are telling us what sounds  
3107 more like the truth than what you are, at least in an open  
3108 setting.

3109 A final point. I see my time is running out. Secretary  
3110 Rice said, in October 2006, "They, the Iraqis, need to do

3111 more of the kind of thing that apparently the interior  
3112 ministry is trying to do." So here she is in a public forum  
3113 complimenting the same ministry that General Jones tells us  
3114 is so sectarian, so corrupt, basically, the Iraqi police need  
3115 to be disbanded. Why is our Secretary of State saying things  
3116 that are so directly at odds with the Jones Commission?

3117 \*Ambassador Butler. General Jones and his very  
3118 distinguished panel, who spent considerable time in Iraq in  
3119 August and September, did so as private citizens with  
3120 considerable extraordinary service in uniform to the Country  
3121 and the police service as well. Chief Ramsey was a member of  
3122 that Commission. Certainly respected professional judgments  
3123 based on what they saw and heard out there, and we are  
3124 looking very hard at it. The Department of Defense, as you  
3125 know, has primary responsibility for the Ministry of Interior  
3126 and the Ministry of Defense.

3127 \*Mr. Cooper. I see that my time has expired, Mr.  
3128 Chairman.

3129 \*Chairman Waxman. Mr. Tierney?

3130 \*Mr. Tierney. Thank you, Mr. Chairman. I don't think  
3131 the American people would sit by idly and quietly if we were  
3132 having secret discussions about \$18 billion worth of taxpayer



3133 money going out the door through corruption, and I don't know  
3134 of any situation where corruption has ever been defeated or  
3135 diminished with secret meetings, as opposed to shining light  
3136 on it and bringing it out into the public light and the  
3137 public coming forward, whether Iraqi citizens or American  
3138 citizens, demanding something be done. I mean, these  
3139 hearings are about finding out who is corrupt, how that  
3140 corruption is playing out, what should be done to stop the  
3141 corruption, and to the extent our government is, what are we  
3142 doing about it and how is it going.

3143 We are not doing very much, when Judge Brennan, the  
3144 former Director of the Office of Accountability over there  
3145 says he is not aware of any coordinated U.S. strategy to  
3146 fight corruption in Iraq; when James Santelle, who supervises  
3147 the activities of that OAT organization and is the Rule of  
3148 law coordinator for the embassy, told us you have a system  
3149 where the coordination is lacking; and Michael Richards, the  
3150 Executive Secretary of the Anti-Corruption Work Group, says  
3151 basically he would like to be able to say that they have done  
3152 quite a bit in this area, but, unfortunately, they have not.

3153 Vincent Falk, a senior consultant in the Office of  
3154 Accountability and Transparency, was the primary drafter of

3155 two reports issued by the OAT, in December of 2006 and  
3156 another in July of 2007. Those reports assessed the anti-  
3157 corruption efforts of the Iraqi government, something you  
3158 feel now would be a real high security risk to divulge.  
3159 According to him, these reports were not classified when they  
3160 were drafted, they were not classified when they were issued.  
3161 They were, instead, marked sensitive but unclassified.

3162 Now, both Christopher Griffith, Senior Advisor to OAT,  
3163 Judge Arthur Brennan, the former Director of OAT, as I have  
3164 said, confirmed that those reports were not classified when  
3165 they were issued and they were not classified when they were  
3166 drawn. Are you aware of those reports?

3167 \*Ambassador Butler. Mr. Congressman, --

3168 \*Mr. Tierney. Are you aware of those reports, sir? I  
3169 have only got five minutes, and I really want answers more  
3170 than talk.

3171 \*Ambassador Butler. I have, in the last couple weeks,  
3172 become aware of working documents prepared by OAT.

3173 \*Mr. Tierney. Okay. Were you aware that those reports  
3174 were not classified when they were drafted and issued by the  
3175 Office of Accountability and Transparency?

3176 \*Ambassador Butler. We only found out three weeks ago

3177 these documents, working documents, even existed.

3178 \*Mr. Tierney. All right. And did you become aware that  
3179 those reports have been widely distributed, both within the  
3180 embassy and with other relevant agencies, by e-mail?

3181 \*Ambassador Butler. They were not widely distributed  
3182 within the U.S. Government.

3183 \*Mr. Tierney. You say they were not?

3184 \*Ambassador Butler. Well, if we would have been, we  
3185 would have known about it in my office.

3186 \*Mr. Tierney. Did you know that they were apparently  
3187 distributed to others, although maybe not your office,  
3188 surprisingly so?

3189 \*Ambassador Butler. I am unaware of the distribution of  
3190 these internal working documents of the OAT.

3191 \*Mr. Tierney. Interesting. Well, Scott Winne, the  
3192 Acting Rule of Law Coordinator for the U.S. Embassy in Iraq,  
3193 told the Committee staff that he was asked to do a  
3194 classification review of those reports shortly after this  
3195 Committee went and asked for those reports to be given to the  
3196 Committee for this investigation. Mr. Winne then told the  
3197 Committee he had never even done a classification review  
3198 before. So why is it that when we asked for these documents,

3199 Mr. Winne is suddenly asked to review the documents for  
3200 classification, when he has no experience in that field at  
3201 all?

3202 \*Ambassador Butler. I am reminded of the very first  
3203 security infraction and almost the last one I had in the  
3204 Foreign Service was as a junior officer. I wrote a message  
3205 back to Washington that I marked unclassified, and when it  
3206 went to my superior, he upgraded it to confidential. I  
3207 didn't spot it, tossed it in my wastebasket when I finished  
3208 with it, and got a pink slip from the Marine the next day.

3209 This is the responsibility of classification authority.  
3210 These documents were not properly classified and, according  
3211 to the embassy, have subsequently been appropriately  
3212 classified given the sensitive nature of the information  
3213 contained therein.

3214 \*Mr. Tierney. This report, the one you thought wasn't  
3215 circulated, was first given to Ambassador Saloom and his  
3216 chief of staff. Five days later it was given to the Anti-  
3217 Corruption Working Group, the entire group; and then it was  
3218 given to the Rule of Law Coordinator and others. So  
3219 apparently you were out of the loop, but it was distributed  
3220 broadly within that group on that basis.

3221           \*Ambassador Butler.  Congressman, every person you have  
3222 mentioned is inside the embassy.

3223           \*Mr. Tierney.  It also went to the GAO and the Special  
3224 Inspector General.

3225           \*Ambassador Butler.  It did not come back to Washington.  
3226 We were unaware of the existence of that report.

3227           \*Mr. Tierney.  So that is the key, as long as it doesn't  
3228 come back to Washington, it can be disseminated around the  
3229 embassy, to the GAO and to the SIGIR?

3230           \*Ambassador Butler.  My understanding is this was an  
3231 internal draft working document which had not been blessed as  
3232 an embassy document.

3233           \*Mr. Tierney.  And you thought it was important not to  
3234 share it with this Committee, to have it accepted as a  
3235 classified document?

3236           \*Ambassador Butler.  We provided it.  Your Committee  
3237 staff was able to review it upon us finding out about it, and  
3238 we provided hard copies shortly thereafter, sir.

3239           \*Mr. Tierney.  Can you see at all or appreciate at all  
3240 the fact that this Committee, and probably the public, finds  
3241 it bizarre that something gets retroactively classified on a  
3242 public hearing about corruption which weighs on the safety of

3243 our men and women over there? The testimony today is some  
3244 \$18 billion -- that is without looking at the oil ministry,  
3245 without looking at the interior ministry -- of money that,  
3246 according to testimony today, is going in the hands of  
3247 militia, those same militia that are shooting at our troops,  
3248 and your story is, well, we can't talk about that publicly,  
3249 it is embarrassing to us and it might get the Iraqi  
3250 government upset when the public knows that they are engaged  
3251 in it as well.

3252 \*Ambassador Butler. Congressman, you phrased that well.  
3253 The safety of our men and women in the embassy and those who  
3254 are working on the anti-corruption deserve the protection of  
3255 the proper classification of that document.

3256 \*Mr. Tierney. What they deserve, sir, is a full  
3257 investigation so that we understand the depth and breadth of  
3258 it so that we can do something about it, instead of having  
3259 people say that it is a disorganized department, a system  
3260 where the coordination is lacking, where there is no  
3261 awareness on the part of the director of OAT of any  
3262 coordinated U.S. strategy to fight corruption, and where that  
3263 money that is being corruptly taken out of circulation is  
3264 given to militias who are shooting at our people. That is

3265 why we are having the hearing and that is why maybe we will  
3266 wake you all up so that you have a coordinated effort at OAT  
3267 and the working group and start doing something about it, and  
3268 we will find out who is involved with it and get it done so  
3269 that our people aren't being shot with weapons bought from  
3270 money as a result of corruption.

3271 \*Chairman Waxman. Thank you, Mr. Tierney.

3272 Ambassador Butler, Stuart Bowen and David Walker  
3273 testified earlier today that there is a lack of leadership  
3274 undermining the anti-corruption efforts at the U.S. Embassy  
3275 in Iraq. Mr. Bowen and Mr. Walker are certainly not alone in  
3276 that sentiment. We have also heard in other interviews from  
3277 several embassy officials that there is no coordinated  
3278 strategy for fighting corruption in Iraq. Now, maybe you  
3279 don't want to talk about this issue because the U.S. Embassy  
3280 is not doing its job. How do you respond to that?

3281 \*Ambassador Butler. The SIGIR report of July did a  
3282 couple of things, and the previous year. One, that there  
3283 should be a consolidated anti-corruption strategy, which was  
3284 prepared in 2006; and then, subsequent to this year's SIGIR  
3285 report, Ambassador Crocker has convened and designated a  
3286 person to conduct a full anti-corruption internal

3287 organization review.

3288 \*Chairman Waxman. So you are doing better.

3289 \*Ambassador Butler. We are attacking the problem when  
3290 we find the problem, sir.

3291 \*Chairman Waxman. Well, we learned, a couple days ago,  
3292 when we looked at Blackwater, which works for the State  
3293 Department, that there was no real oversight that the State  
3294 Department was providing with regard to Blackwater troops,  
3295 and they are a private military. Now I am wondering what  
3296 kind of job the State Department is really doing, with this  
3297 conflicting testimony, in oversight in terms of anti-  
3298 corruption efforts, and I think this is going to be a serious  
3299 matter that we are going to have to review.

3300 I also want to just end by saying that I think your  
3301 position is absolutely absurd that you cannot answer  
3302 questions in an open forum that the American people are  
3303 entitled to have answered before we appropriate more money to  
3304 put into this war effort in Iraq. I just cannot understand  
3305 it. So when I say we are going to have a confrontation with  
3306 the Secretary, we want to know whether the State Department  
3307 is doing its job of oversight with the private military that  
3308 they have employed; whether they are doing their job of



3309 oversight with regard to anti-corruption efforts, which our  
3310 embassy should be supporting more strenuously; and we want to  
3311 know why the State Department is refusing to talk to Congress  
3312 and give us answers to questions that ought to be given in a  
3313 public forum.

3314 So I put that out there not to have you address it, but  
3315 I just want to put you on notice and the State Department on  
3316 notice that we are going to have to resolve these matters.

3317 Mr. Davis, anything further before we move on?

3318 \*Mr. Davis. Well, let me just ask what is the long-term  
3319 hope over there? We are spending over half a trillion  
3320 dollars to try to bring democracy and the rule of law to this  
3321 country, and the question I think a lot of us face is are we  
3322 giving birth to a democracy or are we babysitting a civil  
3323 war.

3324 \*Ambassador Butler. Mr. Davis, that really is the  
3325 fundamental question, and my faith is in the people that are  
3326 working on this, both in the men and women in uniform under  
3327 General Patraeus' command and the men and women who work for  
3328 Ambassador Crocker. Democracy is not easy; it is hard. It  
3329 takes time, it takes imagination. We have a phenomenal team  
3330 out there.

3331           And I very much, Mr. Chairman, value your candor and  
3332 appreciate the Committee's attention to these issues because  
3333 corruption is something that I have had to deal with in just  
3334 about every assignment I have had in the last decade. This  
3335 is hard. I have never seen anything as complicated as  
3336 presents itself in Iraq, with a combat zone going on, the  
3337 influence of the neighbors, and add to it the oil resources.  
3338 I am confident that Ambassador Crocker is the right leader.  
3339 He will, together with Jim Santelle, the head of the Rule of  
3340 Law Department, get that part of it organized.

3341           At the same time, what we haven't really emphasized this  
3342 very much, Mr. Davis, but the efforts to develop the capacity  
3343 of the Iraqis themselves, invest in people, invest in sort of  
3344 help us, bureaucracies. They are able to deliver services  
3345 and support the democratic institutions that are accountable  
3346 to the people and that the Iraqis themselves can be proud of  
3347 and not afraid of. I think we share that goal.

3348           \*Mr. Davis. Thank you.

3349           \*Chairman Waxman. Thank you for your testimony. Just  
3350 for the record, total funding for ongoing and planned anti-  
3351 corruption activities through June 15th, 2006 was  
3352 approximately \$65 million, or less than .003 percent of the

3353 total Iraqi IIRF funding to date. That is just so we have a  
3354 perspective of how much we are doing financially in that  
3355 area.

3356 We are now being called for a vote. We will respond to  
3357 the vote and then come back and hear the last witness.

3358 [Recess.]

3359           \*Chairman Waxman. For our last witness, we are pleased  
3360 to welcome Claudia Rosett, a Journalist in Residence at The  
3361 Foundation for the Defense of Democracies. We are pleased to  
3362 have you with us today. It is the custom of this Committee  
3363 to ask all witnesses to answer questions under oath, so if  
3364 you would please stand.

3365           Do you solemnly swear you will answer the questions  
3366 truthfully, to the best of your ability?

3367           \*Ms. Rosett. I do.

3368           \*Chairman Waxman. Thanks. Your prepared statement will  
3369 be made part of the record in full. We would like to ask, if  
3370 you would, to present your oral statement in around five  
3371 minutes.

3372 STATEMENT OF CLAUDIA ROSETT, JOURNALIST IN RESIDENCE,  
3373 FOUNDATION FOR THE DEFENSE OF DEMOCRACIES

3374 STATEMENT OF CLAUDIA ROSETT

3375 \*Ms. Rosett. Good afternoon, Chairman Waxman, Ranking  
3376 Member Davis, and members of the Committee, wherever you are.  
3377 Thank you very much for the chance to testify here today. I  
3378 hope I can be of some help in providing some background and  
3379 context for what you have been discussing. These are  
3380 extremely important matters.

3381 Is the mic at a good distance here? Okay.

3382 In listening to it, there are a few things I want to  
3383 mention because I think they may be important, and I could  
3384 not agree more with you that corruption is a huge problem,  
3385 and it is one that should concern people, whatever side of  
3386 the aisle, whatever. A brief story I want to tell you.

3387 I worked in Russia in the mid-1990s; I was the Moscow  
3388 bureau chief for the Wall Street Journal, a reporter there  
3389 before that. And there were no rules at that point; the  
3390 Soviet Union had just collapsed and it was very hard to know  
3391 what applied anywhere, except corruption was the way.

3392 Anything that worked worked by corruption. And there came  
3393 this horrible cold day and the Iranians down the hall were  
3394 trying to make the fuse box work again, and I had to file a  
3395 story and I couldn't get anywhere. Finally, in misery and  
3396 desperation -- it was freezing -- I called a man who won a  
3397 Nobel prize in economics for looking at the interaction  
3398 between political institutions and economies, exactly the  
3399 nexus where corruption takes place. His name is Douglass  
3400 North, back in the States. And I said, how long is it going  
3401 to take for them to sort out the institutions so that this  
3402 place works. And he said, oh, about 50 years. I thought, oh  
3403 my God.

3404 That is, I think, the real time horizon. And if I could  
3405 just suggest -- what I want to get to is Iraq was immensely  
3406 corrupt before the period that you have been discussing, in  
3407 the time when Saddam was there, and it is terribly important  
3408 in understanding how to address this. I don't think anybody  
3409 here who praised the Judge and understands some of the  
3410 problems there, wants to simply leave it, but to understand  
3411 it matters greatly there are different kinds of corruption,  
3412 and it is something that is extremely complicated to clean  
3413 up. I have seen it in countries in the Far East, in the

3414 former Soviet Union, and I have spent the past five years  
3415 looking at how it worked when Saddam Hussein was in Iraq,  
3416 because it was intimately entwined with the United Nations  
3417 Oil for Food Program, which I have reported on and reported  
3418 on.

3419 Corruption is something that tends to sort of improve as  
3420 a place becomes more democratic, but it is an organic  
3421 process; it is not something where you can sort of do it step  
3422 by step. It is also not all about fighting it with agencies.  
3423 There is a tremendously important component that comes with  
3424 simply getting rid of bad rules. It is the difference  
3425 between, say, a Bangladesh with very high tariffs, where  
3426 trading in just normal goods like soap and socks can be  
3427 illegal and corrupt, and Hong Kong, where it is a free market  
3428 and it is legitimate trade, and there is not such reason for  
3429 officials to have their hand out. Any time you see these  
3430 levels of corruption as you do in Iraq, and have for a long  
3431 time, that is a big part of the problem.

3432 A further item that I think just needs consideration.  
3433 This can be discussed and explained in many ways, but  
3434 corruption does not necessarily bring down governments. That  
3435 may be unfortunate, but I did in fact print out the

3436 Transparency International latest list just out, and in my  
3437 written testimony mention that Iraq is third from the bottom.  
3438 But they are bunched up, a great, great many countries, way  
3439 down near the bottom on the scale of 1 to 9, and if you look,  
3440 you will also see that Iran is not so different. Would that  
3441 it were the case that enormous corruption would just hollow  
3442 out and bring down a regime. It doesn't necessarily follow  
3443 in that way. One can deplore it and, yet, countries on this  
3444 list, sort of very close to this level of corruption, include  
3445 some like Russia, Syria, Azerbaijan, Belarus -- where the  
3446 dictator has been in power for years -- Venezuela, and so  
3447 forth. So just to say this is a complex scene.

3448           And in the short time here, something important to  
3449 understand in Iraq, under Saddam Hussein it was immensely  
3450 institutionalized. Corruption was so much part of the  
3451 government that one of the fascinating scenes in a Federal  
3452 trial that just concluded with a guilty plea in New York on  
3453 Monday was an Iraqi witness who ran the corruption database  
3454 for the oil ministry. In the hundreds of millions of dollars  
3455 of kickbacks that poured in when Saddam began collecting  
3456 kickbacks on Oil for Food contracts, they actually set up,  
3457 officially, inside their state marketing organization, an



3458 entire section database, cabinets, employees, who did nothing  
3459 but track graft. And this really was graft; it had to come  
3460 through front companies, it was something that violated the  
3461 agreements that Iraq had struck with the United Nations. It  
3462 was also graft in the sense that it was skimmed away from  
3463 money that was supposed to go for the relief of the Iraqi  
3464 people. It went, instead, as we know, for palaces, weapons,  
3465 convention, but still deadly, and all the other things that  
3466 Saddam Hussein liked to do with it.

3467           When his government fell, in a sense, the same kind of  
3468 thing as happened in the former Soviet Union. This  
3469 corruption was, in a sense, privatized. It was no longer  
3470 sort of the state. The state under Saddam was Saddam, so  
3471 when he decided to have a collection for kickbacks, as the  
3472 Judge said, oil was for Saddam and his family. That oil was  
3473 the main source of -- that was almost the only source of  
3474 foreign exchange for Iraq.

3475           \*Mr. Waxman. Is it fair to say that what happened is  
3476 that, under Saddam Hussein, corruption was centralized, and  
3477 then when he was gone, it was like the head cut off and  
3478 corruption spread much further, to others who could be  
3479 corrupt independently?

3480           \*Ms. Rosett. It was spread, even at that point, in the  
3481 sense that oil was for Saddam, but there is huge evidence,  
3482 documentary evidence that I have looked at and is publicly  
3483 available from many of the investigations into the U.N. Oil  
3484 for Food Program, that the ministries, some of the ones that  
3485 you are also concerned with, the Ministry for Sports -- if  
3486 you run through the list -- the ministries, many of them  
3487 which were involved in the humanitarian contracts, also had  
3488 kickback deals. So it was institutionalized there as well.

3489           What has been inherited by the Iraqis, by everyone who  
3490 is dealing with this right now, the Americans, anybody, is a  
3491 system in which, really, every part of the system -- these  
3492 were fractals -- had something like this going on. The  
3493 evidence I have seen suggests that Saddam had a very, very  
3494 organized way of raking in all the oil graft, of the money.  
3495 The rest of it was more difficult for him to control. In  
3496 fact, in my written testimony I mention the best report put  
3497 out on the subject in 2002, even before his fall, by the  
3498 Coalition for International Justice, which talks about the  
3499 Uday-Qusay -- remember them -- Hussein rackets, and they were  
3500 jockeying sort of like, you know, the Sopranos of Iraq, for  
3501 who would control the turf, who would have the cigarettes,

3502 the --

3503 \*Mr. Waxman. Do you think that the fact that the  
3504 corruption that we are seeing now is making it harder for the  
3505 Iraqi government to reconcile the different ethnic groups --  
3506 the Shiites, the Sunnis, the Kurds -- and do you think that  
3507 the corruption that is going on now is making it more  
3508 difficult for the Maliki government to have the legitimacy  
3509 with the people of Iraq?

3510 \*Ms. Rosett. I think that it would be a wonderful thing  
3511 if the connections were that linear. I am trying to think  
3512 how to explain it because it is a more complex set of  
3513 interactions that go on.

3514 \*Mr. Waxman. Well, do you think this is one of the  
3515 factors that works against the goals of reconciliation in  
3516 Iraq and legitimacy for the government?

3517 \*Ms. Rosett. Oh, corruption is terrible in any setting,  
3518 absolutely.

3519 Oh, and there is one other thing I meant to say to you.  
3520 I fully agree that it would be a highly useful thing were the  
3521 State Department to be far more open. I would, if anything,  
3522 suggest taking it back some years. I think, at this point,  
3523 there may be less ability to influence things that way than

3524 there was. On the other hand, what is the point? We go  
3525 forward. I think one should go forward. But I share the  
3526 frustration of trying to see documents that I think should be  
3527 publicly available. My own experience was it took five years  
3528 from the time I called someone at the U.S. Mission in early  
3529 2003 to say I see generic signs that, in this debate over  
3530 whether or not the U.S. should go into Iraq, the members of  
3531 the Security Council have been bribed by Saddam Hussein,  
3532 because his graft also radiated out, you know, it affected  
3533 everything that came close. When Charles Duelfer said, in  
3534 testimony two years ago, it poisoned everything it touched,  
3535 that was the system that Saddam set up.

3536 And I think there was a moment when we first went in --  
3537 I am giving my own view -- sort of like the first day on a  
3538 new job, when you have a chance to do things, where bringing  
3539 out what was, at that point, clear and yet very hard to  
3540 document might have helped. It might have said, you know, we  
3541 won't put up with this while there was a chance to set some  
3542 terms. That didn't happen. It took until the following  
3543 year, 2004, when an Iraqi newspaper, Al-Mada, published what  
3544 we now know as the Al Mada list, a long list of people on the  
3545 take simply on the oil side of the graft, in that program

3546 that had become the Iraqi economy, basically.

3547 \*Mr. Waxman. Isn't there a problem in Iraq in trying to  
3548 figure out how to deal with the sharing of the oil revenues  
3549 because it is so much a major part of their economy?

3550 \*Ms. Rosett. That actually --

3551 \*Mr. Waxman. Because I know our government has tried to  
3552 push them to adopt legislation for greater sharing of those  
3553 revenues so people could all feel they have a stake in the  
3554 future of the country.

3555 \*Ms. Rosett. I will give you again my own prescription,  
3556 and one I wrote in 2002, but many people wrote many things.  
3557 I think they will have this problem, I would actually say I  
3558 think part of the problem, corruption is a symptom. Let me  
3559 back up and try just an economic slant on this.

3560 Corruption is basically, what is a corrupt deal? There  
3561 are many ways and levels in which you can engage in it, but  
3562 basically it is putting a price on a transaction. It is  
3563 saying you want something done? Okay, but I can get that  
3564 done for you; I have discretionary power, but there is a  
3565 price. It is a pricing mechanism for things that, in a  
3566 society with integrity, ought to just happen; the government  
3567 should do the things for you, not make you pay for it. And

3568 in that sense the oil is one of the things that makes for  
3569 immense corruption, as long as it is in the public domain.

3570 My own recommendation actually has been, from the  
3571 beginning, unless it is privatized, I mean, the way it really  
3572 should be dealt with is sell it off to private companies and  
3573 distribute the revenues, whatever is raised by that to the  
3574 people of Iraq. What that does is it removes from the public  
3575 domain that endless tempting pot, which I actually think  
3576 explains a great deal of the war that is going on there right  
3577 now.

3578 \*Chairman Waxman. That is a very interesting point. I  
3579 see my red light is on, so I am going to call on Mr. Davis to  
3580 ask you questions.

3581 [Prepared statement of Ms. Rosett follows:]

3582 \*\*\*\*\* INSERT \*\*\*\*\*

3583           \*Mr. Davis. Well, thank you very much for your  
3584 experience and insights on this. Iraq, right now, is a  
3585 fledgling democracy in the middle of war. How do wartime  
3586 circumstances exacerbate the corruption?

3587           \*Ms. Rosett. Well, in a normal economy they would tend  
3588 to make it worse because the government would put on  
3589 regulations and rationing. But Iraq hasn't had a normal  
3590 economy in decades.

3591           \*Mr. Davis. They never did, did they, really?

3592           \*Ms. Rosett. I think the problem of how are people  
3593 choosing to spend their money -- this may sound odd, but,  
3594 again, I am sort of thinking of the economic view of this.  
3595 And could I just suggest we have heard a lot from the State  
3596 Department today and from bureaucrats who use phrases like  
3597 capacity building. I don't think anyone who uses the phrase  
3598 capacity building is going to be able to think past that  
3599 jargon to figure out what really needs to be done.

3600           \*Mr. Davis. Well, do you think the State Department is  
3601 doing enough?

3602           \*Ms. Rosett. Sorry?

3603           \*Mr. Davis. Do you think the State Department is doing  
3604 enough?

3605           \*Ms. Rosett. Actually, I think they are doing the wrong  
3606 things. They are doing too much of what they shouldn't and  
3607 not enough of what they should, and I think what they ought  
3608 to be doing is, first of all, to whatever extent they can,  
3609 looking for ways to reduce all these mechanisms that make it  
3610 possible for people to collect graft. What is it that people  
3611 are selling when they collect graft, when corruption happens  
3612 in Iraq? Oil is one of the things that fuels it. That is  
3613 what I was going to say. I think, flip it around. As long  
3614 as there is oil in the public domain, it will be extremely  
3615 difficult to deal with corruption. That is the reason, if  
3616 you look at the OPEC lineup, with the exception, basically,  
3617 of Norway, they are enormously corrupt states.

3618           \*Mr. Davis. Well, that is because the democracies there  
3619 have never had to face the contract between being taxed for  
3620 services and getting the buy-in because the money has come  
3621 too easily, basically, right?

3622           \*Ms. Rosett. That is exactly right. And when you have  
3623 to haggle out with the people you are collecting the taxes  
3624 from, you have a great deal more -- you know, take a country  
3625 -- I lived in India years ago, and corruption was --

3626           \*Mr. Davis. So, basically, the oil exacerbates that



3627 corruption.

3628 \*Ms. Rosett. Yes. It has done it in Russia; it has  
3629 done it in Venezuela; it has done it -- where is that  
3630 transparency list? It is no accident, yes. I mean --

3631 \*Mr. Davis. So you were explaining what the State  
3632 Department ought to do differently. You were saying they are  
3633 doing the wrong things.

3634 \*Ms. Rosett. I am going to say something that probably  
3635 will sound crazy, but let's put it on the record.

3636 \*Mr. Davis. That is all right.

3637 \*Ms. Rosett. The biggest favor anyone could do to  
3638 actually help end corruption in Iraq would be destroy their  
3639 oil wells. Leave them like the people in Hong Kong, who sat  
3640 on a rock and thought what can we do with ourselves, or the  
3641 people in Taiwan, who ended up there, too many of them on an  
3642 island, and had to figure out ways to earn a living, where  
3643 there wasn't somebody doling it out or people fighting for  
3644 this immense source of wealth. However, I understand the  
3645 State Department probably isn't going to go bomb the oil  
3646 wells of Iraq.

3647 \*Mr. Davis. No, but that is a good observation. You  
3648 know, the fastest growing Arab economy in the Middle East is

3649 Jordan, and they have no oil.

3650 \*Ms. Rosett. Exactly. And that is no accident.

3651 \*Mr. Davis. Correct.

3652 \*Ms. Rosett. It is the great curse. In fact, it is the  
3653 same thing -- some of the most perceptive Russians said to me  
3654 when I was working there, and that is one of the problems  
3655 here. In other words, it is so tempting to talk about  
3656 fighting corruption in terms of set up an agency, do a study.  
3657 There are things that, if we had privatized that oil when we  
3658 first went in there -- and you could see the complications.  
3659 There would be an outcry: oh my God, is that trying to steal  
3660 it? It would have been terribly important. If there is ever  
3661 any political way to do it -- I don't see really how you  
3662 would, but you are the politicians, I am not.

3663 What I can see is if there were any way to do it, the  
3664 money should go to the people of Iraq. That is the patrimony  
3665 that right now, in theory, they own, but in practice what  
3666 they get for it is wars. And it is looking for some way to  
3667 deal with things like that that can actually help. As I  
3668 mentioned, I am not familiar enough, right now, with what are  
3669 the nest of rules of claims of things that Iraqis have to  
3670 bribe for. I am much more familiar with what it was when

3671 Saddam Hussein was doing business. That was quite obvious.

3672 \*Mr. Davis. Do you know how this operated under the  
3673 British mandate? I mean, you know the level of corruption?  
3674 The British usually ran a pretty clean area.

3675 \*Ms. Rosett. Yes. Well, one of the things that was  
3676 much harder to buy under the British was any semblance of  
3677 law. I mean, any system will have some corruption, but part  
3678 of -- I saw it at work in Russia. It is frustrating, it is  
3679 heartbreaking. You can see what is needed and it is  
3680 extremely hard to bring into being. Thus, that answer of 50  
3681 years, when Douglass North -- he wasn't kidding. But back up  
3682 for a minute. Look at what was going on in Europe just after  
3683 World War II. Germany was a disaster. I mean, Graham Greene  
3684 wrote wonderful novels about how corrupt things were in those  
3685 times. That was the third man, Orson Wells selling tainted  
3686 penicillin, you know, laming children so he could live well,  
3687 the sort of symbol at the time. You know, it takes a long  
3688 time.

3689 And I realize the question you have been asking at the  
3690 hearing today is, is there a sign of hope. I would suggest  
3691 there is in the following sense. Under Saddam Hussein there  
3692 was no hope; it was built into the system in ways where, as

3693 long as he and his circle were there, nothing could change.  
3694 Now there is some hope and there are some signs that I think  
3695 matter. That Al Mada list I mentioned earlier, a Baghdad  
3696 newspaper at least could print a list of the corrupt people;  
3697 they can discuss it to a degree they could not.

3698 \*Chairman Waxman. I am going to ask you to hold that  
3699 and recognize Mr. Van Hollen. He may be pursuing the same  
3700 lines of questions.

3701 \*Mr. Davis. Mr. Chairman, let me just thank our  
3702 witness. I am going to leave, but thank you for being  
3703 patient and thank you for adding your observations.

3704 \*Ms. Rosett. Oh, thank you.

3705 \*Chairman Waxman. Mr. Van Hollen, do you have questions  
3706 of the witness?

3707 \*Mr. Van Hollen. I just want to thank the witness. I  
3708 caught some of your testimony actually on the internal  
3709 monitors, as you started off your testimony. I think we can  
3710 all agree this is not a partisan issue in terms of the desire  
3711 to fight corruption, that Republicans and Democrats alike  
3712 would like to join in that effort. And having been a  
3713 journalist, I would assume that you think that publicizing or  
3714 exposing corruption is one way to fight it. Wouldn't you

3715 agree?

3716 \*Ms. Rosett. It is a pretty good way, yes.

3717 \*Mr. Van Hollen. I mean, we have a saying around that  
3718 sunlight is often the best disinfectant, meaning if you allow  
3719 the public to watch what is going on --

3720 \*Ms. Rosett. I usually call it daylight, but I like  
3721 that, yes.

3722 \*Mr. Van Hollen. Daylight, okay. But, I mean, you  
3723 would agree with that general proposition, would you not?

3724 \*Ms. Rosett. Yes, I would.

3725 \*Mr. Van Hollen. So I find it very curious that the  
3726 State Department has taken the position that even talking  
3727 about corruption in Iraq in open is somehow a bad thing,  
3728 because you would think one of the best tools we could use to  
3729 try and clean it up and make sure that funds were better used  
3730 would be to expose the problem in public. Wouldn't you  
3731 agree?

3732 \*Ms. Rosett. I would. I think they are making a  
3733 mistake. Could I back up, though, and just say one thing I  
3734 think is terribly important to put in context, and it is that  
3735 they should have been doing it for years. Again, it is what  
3736 I was saying before. This thing has deep roots, long legs,

3737 and has morphed as it has gone along. I am not convinced,  
3738 from the tangible signs one can see, that there is more  
3739 corruption in Iraq than there was, say, during the final  
3740 years under Saddam, because I think you need to ask the  
3741 further question corruption of what kind. What is it buying,  
3742 what is it doing?

3743 \*Mr. Van Hollen. If I could just --

3744 \*Ms. Rosett. But basically what I am saying is, oh,  
3745 yes, I think they should have exposed the documentation they  
3746 had on corruption under the U.N. Oil for Food Program. I  
3747 think they should have spilled out documents as soon as they  
3748 went into Baghdad and began finding them. And, yes, I do  
3749 think they should producing more today.

3750 \*Mr. Van Hollen. Right. I mean, obviously, the regime  
3751 of Saddam Hussein was a terrible regime. It was a regime we  
3752 did criticize openly in many, many different ways, for lots  
3753 of their actions, but --

3754 \*Ms. Rosett. No, no, you have no idea. The  
3755 frustrations that you have been experiencing I found in  
3756 trying to get documentation.

3757 \*Mr. Van Hollen. I understand. But we did invade Iraq  
3758 with the government of Saddam Hussein and now, of course, we

3759 are there. We had the interim government and we had the  
3760 coalition authority, and the fact of the matter is we are  
3761 now, wouldn't you agree, in a much better position, if we  
3762 chose to, to affect the problem of corruption in Iraq than we  
3763 were under the regime of Saddam Hussein? You would agree  
3764 with that, would you not?

3765 \*Ms. Rosett. Yes.

3766 \*Mr. Van Hollen. Okay. So I guess the question is why  
3767 we have spent such a measly amount of money in terms of  
3768 fighting corruption.

3769 \*Ms. Rosett. Wait, no. Actually, no, wait. Can I back  
3770 up? I think we would have been -- no, I think it would have  
3771 had, actually, an extremely salutary effect if we had been --  
3772 we, who is we? If the U.S. State Department, if the U.S.  
3773 Government had been -- I am not with the government, I am a  
3774 journalist -- if the U.S. Government had been forthcoming at  
3775 the time, had been open, had said here are the documents  
3776 showing what is going on, who is doing these deals. I think  
3777 that would have actually possibly even headed off this war,  
3778 okay? That is how important I think it was. But I agree it  
3779 should happen now.

3780 I would link that to something very important. I think,

3781 as an argument for saying let's abandon Iraq, to me, it  
3782 doesn't hold up because what is it we are trying to achieve  
3783 there? You know, would it be, then, less corrupt if we left?  
3784 I don't think so. I think, again, the Judge put it very  
3785 well; I think predatory neighbors would move in and it would  
3786 be hell, beyond anything they are seeing now. Should America  
3787 care about that? That is a subject for another hearing, I  
3788 think.

3789 \*Mr. Van Hollen. But you would agree, would you not,  
3790 that the failure of the State Department to sort of publicly  
3791 address this issue makes it easier for it to continue. In  
3792 other words, if you were to shine a light on this problem and  
3793 publicly address the problem, you are more likely to be able  
3794 to solve and confront the problem, isn't that the case?

3795 \*Ms. Rosett. Yes, I agree. I can see a case for hiving  
3796 off what is probably the two or three percent of whatever the  
3797 actual documentation or evidence is that does in fact involve  
3798 mortal danger to somebody. I am all for that. But the other  
3799 80 or 90 percent, yes, put it out there. I think -- over and  
3800 over again we see, with diplomatic institutions -- I see this  
3801 all the time. My main focus in recent years has been the  
3802 United Nations, but the State Department is in some way akin



3803 to that kind of thing. We see the argument that we can't  
3804 rock the boat; you mustn't shake people up; we don't want to  
3805 disturb anything. Very often people are not fools. You  
3806 know, Iraqis know if there is corruption. It has real  
3807 effects. It is better to say here is the problem. And if  
3808 that needs to be accompanied, for purposes of U.S. politics  
3809 or security, by the argument that it is terribly important  
3810 that we be able to sustain a government in Iraq one way or  
3811 another, fine, but, yes, better to tell the truth.

3812 \*Chairman Waxman. Is it safe to say that if the State  
3813 Department won't talk in an open forum about corruption in  
3814 Iraq, the people in Iraq are still going to know whether  
3815 there is corruption in Iraq?

3816 \*Ms. Rosett. Of course. They will not know it in the  
3817 same way.

3818 \*Chairman Waxman. That was a rhetorical question.

3819 \*Mr. Van Hollen. Let me just close. I think that also  
3820 raises the question about why they won't talk about it.  
3821 People in Iraq know why they won't talk about it in an open  
3822 forum here, I think, frankly, is an attempt to hide a very  
3823 real problem going on in Iraq from the American people.

3824 Thank you very much, Mr. Chairman.

3825           \*Chairman Waxman. From the American people, not the  
3826 Iraqi people.

3827           Mr. Shays.

3828           \*Mr. Shays. Thank you, Mr. Chairman. Thank you for  
3829 having this hearing and thank you for the witnesses that you  
3830 have asked to step forward.

3831           One of the advantages of missing your testimony, which  
3832 you summarized, is I actually read your whole testimony, and  
3833 it is pretty stunning, because what you basically say is that  
3834 Iraq has been a corrupt country for any number of years, but  
3835 it had a unique kind of corruption because it was using the  
3836 apparatus of government under Saddam to become even more  
3837 corrupt --

3838           \*Ms. Rosett. That is right.

3839           \*Mr. Shays. -- and that the Oil for Food Program,  
3840 which, by the way, our Committee exposed, we led the charge  
3841 on and you were a witness, and a wonderful witness, the Oil  
3842 for Food Program institutionalized the corruption in a very  
3843 public way within Iraq.

3844           Where I might disagree with Mr. Van Hollen and my very  
3845 distinguished and sincere Chairman is that I believe that the  
3846 Iraq government is thoroughly corrupt based on what it has

3847 been, and I believe in part it is corrupt because there are  
3848 some in the government who, if they thought it would be a  
3849 government that would last and so on, that they would be more  
3850 willing to invest and say, okay, I will make money in the  
3851 long run through a less corrupt way, but if they think that  
3852 we are going to pull the rug out from under them, some are  
3853 just going to cash in on a government they think is going to  
3854 fall.

3855         And I will say parenthetically one of the reasons why I  
3856 think we need a time line to tell those who think we are  
3857 going to pull the rug out from under them we are not, and to  
3858 tell those who think we are going to stay forever that we are  
3859 not going to stay forever in the way that we are now. That  
3860 is an editorial comment.

3861         What I would like you to comment on is just explain in  
3862 your words how the Oil for Food Program has created almost a  
3863 unique form of corruptness within a government.

3864         \*Ms. Rosett. Sure. What it did was where, as you heard  
3865 the Judge say, Saddam had sort of taken all oil for himself  
3866 and his sons and his immediate cronies, this made it an  
3867 internationally approved system in which basically he was  
3868 handed all rights to dispose of all the oil, to conclude all

3869 deals, and this was under U.N. sanctions. It was a truly  
3870 poisonous mix, in other words. Iraq was enormously corrupt,  
3871 from what one can read, before sanctions were imposed --

3872 \*Mr. Shays. So what he did is he undersold his oil and  
3873 got kickbacks --

3874 \*Ms. Rosett. Yes.

3875 \*Mr. Shays. -- and he overpaid for commodities and got  
3876 kickbacks --

3877 \*Ms. Rosett. Yes.

3878 \*Mr. Shays. -- and anyone who did business with him was  
3879 doing business with the government, which they knew was  
3880 corrupt.

3881 \*Ms. Rosett. Yes. And what happened was -- you need to  
3882 understand the U.N. Oil for Food Program. Let me just, in  
3883 very brief --

3884 \*Mr. Shays. No, you need to be short because I only  
3885 have three minutes left here. So give us the short version.

3886 \*Ms. Rosett. Okay. Basically, any money he could skim  
3887 out of these oil flows, which were meant to buy relief for  
3888 people in Iraq, was his to do whatever he wanted with, and  
3889 this produced enormous incentives to, in every way possible,  
3890 set up clandestine channels, front companies. This created a

3891 pool of talent the same way in Afghanistan.

3892 \*Mr. Shays. So he couldn't do it by himself; he had to  
3893 engage his citizens in this effort.

3894 \*Ms. Rosett. He had an entire bureaucracy, and that was  
3895 this Iraqi who was brought over as a witness for the  
3896 prosecution --

3897 \*Mr. Shays. So rather than teaching a government to be  
3898 honest, he was basically, you were getting an education under  
3899 his government how to work of the state and be corrupt.

3900 \*Ms. Rosett. That is exactly right.

3901 \*Mr. Shays. Okay. So I am at this point. I go to Iraq  
3902 a lot and I meet a lot of people, some who I think are trying  
3903 to make it a better place; some who I think are trying to  
3904 make it a better place and skim money off of it. If in fact  
3905 a particular leader or a number of leaders are corrupt, what  
3906 is the value in the State Department, let's just say Maliki.  
3907 What would be the value and how would it help us work with  
3908 Maliki to say that he is in fact corrupt? How is that going  
3909 to make our troops safer and how is that going to make us  
3910 ultimately help change Iraq?

3911 \*Ms. Rosett. I am not sure that we need to pronounce  
3912 him corrupt. I am speaking as a journalist here. I think

3913 that documentation speaks. I mean, it is not necessarily the  
3914 job of the United States; it is the job of Iraqis.

3915 \*Mr. Shays. Have you met anyone who thinks Iraq isn't  
3916 corrupt?

3917 \*Ms. Rosett. No.

3918 \*Mr. Shays. Everyone knows Iraq is corrupt, so we know  
3919 it. So really the issue is what do we do to make it less  
3920 corrupt. That should be our goal. I know it is the goal of  
3921 the Chairman. The question is how do we do that. Is  
3922 exposing every leader that we think is corrupt going to make  
3923 it less corrupt is my question.

3924 \*Ms. Rosett. I don't --

3925 \*Mr. Shays. Bottom line is we don't know.

3926 \*Ms. Rosett. Yes. You know what I think? I think that  
3927 it does matter to actually see when, the danger here is that  
3928 you can start selectively targeting people, who do you want  
3929 to pick off --

3930 \*Mr. Shays. Okay, let me --

3931 \*Ms. Rosett. I think it is not necessarily -- I am not  
3932 going to make policy --

3933 \*Mr. Shays. Okay, here is the answer that I would have  
3934 given, and tell me how you react.

3935           And thank you, Mr. Chairman, for letting me run over  
3936 here.

3937           What it seems to me is when we see a corrupt act, when  
3938 we see a payoff, when we see this, we expose the act and then  
3939 let people go to see who performed the act. And it would  
3940 seem to me that that should be our emphasis, where do we  
3941 identify a specific action of corruption.

3942           And I do agree, Mr. Chairman, with this point. I  
3943 totally agree with it. If we have a witness that says Mr.  
3944 Maliki or someone else -- and he was under oath, I believe?

3945           \*Chairman Waxman. Yes, all witnesses before the  
3946 Committee are.

3947           \*Mr. Shays. Is under oath, is saying to us that a  
3948 specific person basically told me if I did this my life would  
3949 be in danger. Now, if he is saying that someone else is  
3950 going to make your life in danger, that is one thing, but if  
3951 he is saying I am going to make sure your life is in danger,  
3952 I think that needs to be exposed. I do totally agree with  
3953 that.

3954           \*Chairman Waxman. Would the gentleman yield to me?

3955           \*Mr. Shays. Absolutely.

3956           \*Chairman Waxman. I asked Judge Radhi do you think that

3957 Prime Minister Maliki is corrupt, and he said to me I am a  
3958 judge, I can't make a decision on a point like that; I can't  
3959 say that. But he said what I do know is that he stopped  
3960 investigations of corruption of some of his relatives.

3961 \*Mr. Shays. And if I could, and that, I think, is the  
3962 key point. It is kind of what I am learning from this. The  
3963 way he said it is the way I think we ultimately get at it,  
3964 because he is basically stating fact and action, to which we  
3965 then can respond --

3966 \*Ms. Rosett. Which is the basis of law, actually, which  
3967 I think ultimately is what is needed here, is what Iraq is  
3968 desperately missing.

3969 \*Chairman Waxman. I think you both made very good  
3970 points.

3971 Do you want to summarize, Mr. Shays?

3972 \*Mr. Shays. Well, just to thank you, Mr. Chairman, for  
3973 having this hearing.

3974 I thought your statement was excellent because the one  
3975 thing it has done for me is it has made me realize that there  
3976 have been corruptions in lots of governments, but what is  
3977 unique about this is, under Saddam, he was actually teaching  
3978 his citizens to be corrupt so that he could have the power he



3979 needed, and that was quite enlightening.

3980 \*Ms. Rosett. May I just share with you for a second a  
3981 vision --

3982 \*Chairman Waxman. Well, we have been here all day and  
3983 we have got a short business meeting we have to attend to.

3984 \*Ms. Rosett. Sure.

3985 \*Chairman Waxman. So maybe you can get together with  
3986 Mr. Shays after the official meeting.

3987 \*Mr. Shays. But anything you want to put on the record  
3988 in writing we could submit.

3989 \*Chairman Waxman. Yes, we would certainly receive it.

3990 \*Ms. Rosett. This is one scene from a New York  
3991 courtroom. It was simply the silver laptop. I wrote an  
3992 article about it in the Wall Street Journal yesterday; you  
3993 can read it. But the silver laptop on which the entire  
3994 kickback database for the Iraqi oil ministry under Oil for  
3995 Food had been downloaded, this database, and this Iraqi on  
3996 the witness stand, brought in by Federal prosecutors to show  
3997 the jury how it worked, typing in a name and up would come  
3998 the whole list of itemized kickbacks and connected front  
3999 companies. And I have followed these documents for years at  
4000 this point. I have never understood quite that viscerally

4001 until I saw this, how thoroughly institutionalized it was.

4002 It was the way --

4003 \*Chairman Waxman. You are talking about in the Oil for  
4004 Food Program --

4005 \*Ms. Rosett. Yes.

4006 \*Chairman Waxman. -- or today?

4007 \*Ms. Rosett. No. This was the Oil for Food Program.  
4008 But this was --

4009 \*Chairman Waxman. Okay, well, I think people learned  
4010 some lessons from that. Thank you very much.

4011 \*Ms. Rosett. Thank you.

4012 \*Chairman Waxman. I appreciate that story.

4013 That concludes our hearing for today, so we stand  
4014 adjourned.

4015 [Whereupon, at 3:55 p.m., the committee was adjourned.]

