

TOM DAVIS, VIRGINIA,
CHAIRMAN

CHRISTOPHER SHAYS, CONNECTICUT
DAN BURTON, INDIANA
ILEANA ROS-LEHTINEN, FLORIDA
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
GIL GUTKNECHT, MINNESOTA
MARK E. SOUDER, INDIANA
STEVEN C. LATOURETTE, OHIO
TODD RUSSELL PLATTS, PENNSYLVANIA
CHRIS CANNON, UTAH
JOHN J. DUNCAN, JR., TENNESSEE
CANDICE MILLER, MICHIGAN
MICHAEL R. TURNER, OHIO
DARRELL ISSA, CALIFORNIA
VIRGINIA BROWN-WAITE, FLORIDA
JON C. PORTER, NEVADA
KENNY MARCHANT, TEXAS
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. McHENRY, NORTH CAROLINA
CHARLES W. DENT, PENNSYLVANIA
VIRGINIA FOXX, NORTH CAROLINA

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051
TTY (202) 225-6862

<http://reform.house.gov>

HENRY A. WAXMAN, CALIFORNIA,
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA
MAJOR R. OWENS, NEW YORK
EDOLPHUS TOWNS, PENNSYLVANIA
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
Wm. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
LINDA T. SANCHEZ, CALIFORNIA
C.A. DUTCH RUPPERSBERGER,
MARYLAND
BRIAN HIGGINS, NEW YORK
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA

BERNARD SANDERS, VERMONT,
INDEPENDENT

Statement of Rep. Henry A. Waxman on The President's Speech on Iraq Reconstruction December 7, 2005

The President's claims today are mindboggling. Either he doesn't understand the facts or simply doesn't want to face them. The reconstruction of Iraq has been an enormous boondoggle — not an example of “quiet, steady progress.” Halliburton has repeatedly overcharged American taxpayers through fraud, waste, and abuse. The U.S. officials in charge of the reconstruction have been incompetent and, in some cases, corrupt. And billions of dollars have been squandered without increasing oil or electricity production.

Key Facts about the Reconstruction

Lack of Progress. Massive spending on reconstruction has produced little or no progress in key sectors like electricity and oil. Despite a \$2.2 billion investment in Iraq's oil infrastructure, production and export levels have actually dropped below pre-war levels. And despite the \$4.4 billion the Bush Administration spent to boost Iraq's electricity production, it has fallen far short of its goal of 6000 megawatts of peak output capacity. In fact, the Administration has conceded, “We'll never meet demand.” Iraqis living in Baghdad typically have just two hours of power followed by four hours without power throughout the day.

Rampant Overcharges and Lax Oversight. Large government contractors like Halliburton have repeatedly overcharged the taxpayer. Auditors at the Defense Contract Audit Agency have identified over \$1.4 billion in unreasonable and unsupported charges by Halliburton in Iraq. Whistleblowers have testified about \$100 bags of laundry, \$45 cases of soda, and brand new \$85,000 trucks being abandoned because of a flat tire. Yet the Administration refuses to take action. Last month, the Defense Department paid Halliburton \$130 million in reimbursements, profits, and bonuses for billings that the department's own auditors recommended against paying.

Incompetent Management. The Bush Administration's management of the reconstruction of Iraq has been fundamentally incompetent. Billion-dollar contracts were awarded with little or no competition to favored contractors. Competition for discrete reconstruction projects was suppressed by dividing Iraq into a handful of fiefdoms and awarding lucrative monopoly contracts to companies that never had to compete against each other for specific reconstruction tasks.

Burgeoning Corruption. Between May 2003 and June 2004, U.S. officials shipped nearly \$12 billion in cash to Iraq. As government audits later found, the cash was spent and disbursed by U.S. officials with virtually no financial controls or reliable accounting. The Administration cannot account for over \$8 billion that was transferred to Iraqi ministries. This unsupervised flood of cash into Iraq became an open invitation to corruption. A senior U.S. official already has been charged with accepting hundreds of thousands of dollars in bribes and kickbacks from a U.S. contractor in exchange for steering up to \$3.5 million in fraudulent contracts his way. Government investigators have said that there are dozens of other criminal corruption cases being processed.