

Statement of Rep. Henry A. Waxman
July 18, 2006

The purpose of today's hearing is to assess the Bush Administration's global war on terror. Based on the facts and the data we have before us, it is clear that the Administration's approach is failing.

There are two key problems with the Administration's approach to countering global terrorism. The first is that costs are spiraling out of control, with inadequate accountability. The second is that the Administration's actions have actually incited terrorism.

First, estimated spending has quadrupled over the past five years, increasing from about \$31 billion to more than \$122 billion this year. Obviously, huge costs are associated with Iraq. But massive waste, fraud, and abuse have undermined our efforts both to rebuild Iraq and to provide support to the troops.

Three years ago we first raised questions about out-of-control costs. The excuse then was the fog of war. This isn't the fog of war. It's the fog of incompetence. It's the fog of indifference. It's the fog of arrogance.

We have out-of-control costs while at the same time our troops don't have the armor and equipment they need. It's mind-boggling.

This has to stop. The incompetence, the fraud, waste and abuse, the squandering of billions and billions of dollars — it has to stop. We owe accountability to the American families that are paying for this war.

For example, the Bush Administration handed out \$9 billion in bricks of cash to Iraqi ministries with no monetary controls, and it now has no idea what happened to the money. Nine billion in cash simply vanished.

One U.S. official who worked for the CPA, Frank Willis, described it as the "wild west." He said Iraq was a "free fraud zone" with no accountability to prevent corruption.

The Administration also squandered money it should have spent on our troops. By now, we all know that Halliburton has the monopoly contract to provide our troops with meals and housing and laundry services.

When we talked to former Halliburton employees, they told us how the company intentionally inflated its prices. They said the informal company motto was: "Don't worry about price. It's cost-plus."

But the Administration let them get away with it. GAO reported that the Army set no spending limits on Halliburton until 2004. According to GAO, "cost constraint did not become a factor ... until almost a year into the operations."

This is an incredible finding. The Administration didn't control Halliburton's overcharges until a year after the invasion. Meanwhile, our troops didn't have the body armor they needed, they lacked night vision goggles, and they were driving around in unarmored Humvees.

As a result, we have now spent \$50 billion on Iraq reconstruction, including \$30 billion from U.S. taxpayers, but we've gotten virtually nothing for our money.

We spent \$2 billion on Iraq's oil infrastructure, but production is well below pre-war levels.

We invested \$4 billion on electricity generation, but peak output has been below pre-war levels.

The situation is the same for drinking water.

As Mr. Walker testified just last week before this committee, the Bush Administration "has yet to prove that it has made a difference in the Iraqi people's quality of life."

The second problem is that the Administration is actually inciting more terrorism.

When he testified before the 9/11 Commission, Richard Clarke, an NSC official under President Bush, warned that Iraq had no link to al Qaeda, and that unilaterally invading Iraq without the support of our allies would increase terrorism and further endanger the United States. He also warned that Iraq would divert us from the war on terror.

The facts are that the Bush Administration never put more than 20,000 troops into Afghanistan to hunt for Osama bin Laden. But it now has over 100,000 troops mired in Iraq. Why?

The Bush Administration spent only a few billion dollars in Afghanistan, but it has spent literally hundreds of billions of dollars in Iraq. Bin Laden might be in Afghanistan, he might be in Pakistan, but I've seen no intelligence report suggesting he is in Iraq.

What are the results of this misguided approach? Global terror attacks are now at record levels. Worldwide terrorist attacks have increased steadily each year since 2001, growing from a few hundred per year to an astonishing 11,000 last year.

Deaths and injuries from terrorist attacks have also skyrocketed, increasing from about 5,500 in 2001 to a record 39,000 last year.

Iraq is a quagmire of waste and incompetence. Osama bin Laden remains at large, taunting the Administration, and rallying more recruits. North Korea now has several nuclear weapons where before it had none. Hezbollah has become emboldened and is openly attacking Israel. Iran is actively seeking nuclear weapons and is essentially ignoring the Administration's overtures.

This is the result of five years of the Administration's global war on terror. This is the result of five years of a rubber-stamp Republican Congress. These are the trend lines, the facts, and the data, and they show no signs of reversing.