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Opening Statement of Rep. Henry A. Waxman
Chairman, Committee on Oversight and Government Reform
Hearing on “Iraq Reconstruction: An Overview”
February 15, 2007

Last week, our Committee focused on the \$12 billion in cash that our government sent to Iraq. We learned that no one knows what really happened to that money or even whether it ended up in the hands of terrorists. All we know is that the cash is gone and billions were wasted.

Today we get more bad news. The Director of the Defense Contract Audit Agency is going to testify that there are more than \$10 billion in questioned and unsupported costs relating to Iraq reconstruction and troop support contracts.

This estimate is three times higher than the \$3.5 billion in questionable charges that the Government Accountability Office warned us about last year. And in this new report, \$2.7 billion in suspect billings are attributed to just one contractor: Halliburton. My staff has prepared a memorandum on this subject and, if there is no objection, I will enter it into the record.

Even worse, the actual amount of waste is likely even higher. The Defense Contract Audit Agency arrived at its \$10 billion estimate after reviewing only \$57 billion of Iraq contract spending. But American taxpayers have already spent over \$350 billion for the war in Iraq. There’s \$300 billion still to audit. The total amount of waste, fraud, and abuse could be astronomical.

Let’s add it up. Last week’s \$12 billion in cash and today’s \$10 billion in questionable charges combines for \$22 billion. And there’s still the potential for tens of billions more in waste. It’s no wonder that taxpayers all across our country are fed up and demanding that we bring real oversight to the “anything goes” world of Iraq reconstruction.

Stuart Bowen, the Special Inspector General for Iraq Reconstruction, will tell us about a particularly egregious example of wasteful spending. It involves the State Department’s contract with DynCorp to train and equip the Iraqi police.

The Defense Contract Audit Agency has not yet reviewed this contract. But the Inspector General found that taxpayer dollars were wasted on an Olympic sized pool that was not authorized under the contract.

The audit was critical of not just the company. It was critical of the government for failing to conduct any semblance of proper oversight. In this case, the contracting officer did not even have a file — he literally didn't have a file — for this \$600 million contract. And the government could not demonstrate that it had actually received tens of millions of dollars in critical equipment, including armored vehicles, body armor, and weapons.

This is the equipment that is supposed to be going to the Iraqis so they can take up the fight and allow our U.S. service members to come home. Yet virtually nonexistent government oversight has put the entire effort at risk.

This is an intolerable mess. It's important that we hold people accountable for it, and just as important that we prevent these outrages from happening again.

President Bush is planning on sending 21,000 more American soldiers into Iraq. He is also proposing that we spend almost \$200 billion more on the Iraqi war effort and an additional \$1.2 billion for economic assistance to Iraq. He wants to spend over \$800 million of that amount on a "civilian surge" that will increase the number of Provincial Reconstruction Teams. These are the teams that are supposed to work with local Iraqis to develop democratic institutions and procedures.

I don't have first-hand knowledge of these Provincial Reconstruction Teams. But Kiki Munshi does. Until last week, she was a team leader. She has concluded that the civilian surge won't work. She tells us the teams have been drastically underfunded, have an ill-defined mission, and have huge staffing shortfalls.

She believes injecting more teams into Baghdad will result in a bureaucratic nightmare. And what's worse, she says that when members of these teams were consulted about the President's proposal in the fall, they raised exactly these objections, but were ignored.

Ms. Munshi could not be here today, but I would like to make her full written statement part of the official hearing record.

As she says, "none of the objections or recommendations coming from the field about this 'civilian surge' appears to have reached Washington."

I want to assure Ms. Munshi that we hear her, and I want to assure the American people that we aren't going let a handful of corporations walk away with enormous windfalls while thousands of American soldiers are sacrificing everything to defend their country.

I want to thank our witnesses for superb work in bringing accountability to the Iraq reconstruction effort and I look forward to their testimony.