

**Statement of Chellie Pingree  
President and CEO, Common Cause**

**Senate Democratic Policy Committee Hearing  
“Contracting Abuses in Iraq”**

**November 3, 2003**

Senator Dorgan, and members of the Democratic Policy Committee, Common Cause appreciates this opportunity to testify on the process of rebuilding Iraq. The world believes that the United States has up until now given contracts, often no-bid contracts let in secret, exclusively to U.S. corporations, many of them with extensive connections to the Bush Administration.

Indeed, an October 4 New York Times story quotes an American businessman, who declined to be identified, who said that the Coalition Provisional Authority was handing out contracts “by simply telephoning favored companies and announcing, ‘I have a contract for you.’”

Congress has debated these problems, and we applaud efforts by many Senators and Representatives to ensure that the \$87 billion the United States invests in Iraq is subject to more controls, accountability and oversight.

It is absolutely essential that the rebuilding of Iraq be accomplished with full transparency, that it involve the Iraqi people to the fullest extent possible, and that contracts for work be truly competitively bid in an entirely open process with no favoritism.

These are important values to Common Cause, and they are core values for our democracy. But we must also go forward with these reforms not only for these reasons but also because ignoring these reforms will make it difficult, if not impossible, to accomplish our goals in Iraq and to repair our frayed relations with many countries.

Just last week, the Center for American Progress, The American Prospect, and The Century Foundation hosted a conference on New American Strategies for Security and Peace that brought together diplomatic, military and academic experts. There was overwhelming consensus among these experts that if rebuilding Iraq is to succeed it must be an enterprise involving other countries and the citizens of Iraq. There was also agreement that the impression that rebuilding Iraq has become a gravy train for politically connected firms discourages and stymies offers of help from other countries.

The U.S. go-it-alone policy in fighting the war, and its awarding of no-bid secret contracts to favored U.S. companies plays a role in dissuading more foreign cooperation. As an Asian diplomat noted recently, “If the U.S. has abandoned the concept of transparency, which it so assiduously preaches to others, how do you expect international donors to dig deep into their pockets to help in the reconstruction of Iraq?”

We can't persuade other countries to help in the reconstruction effort if they distrust our motives. Even our strongest allies are restive. A recent editorial in one of Japan's major daily newspapers noted that the Japanese Prime Minister, having pledged billions of dollars in reconstruction aid, "is now obliged to explain clearly to taxpayers how their money will improve the lives of the people of Iraq. He should also make clear the kinds of benefits he expects Japan to obtain for having provided more money for Iraq than any other U.S. ally."

Keeping construction contracts in the hands of a few American companies also deeply affects our relationships with the Iraqis. It hinders, as Retired Army Major General William Nash observed, a process that should proceed from the bottom up rather than the top down.

Instead, as the *Associated Press* reported last month, six months after the war ended, about seven out of ten Iraqis find themselves jobless. And U.S. companies like Halliburton and Bechtel, are relying on foreign workers, rather than Iraqis, to do reconstruction and other work.

Susan Rice, a senior fellow at the Brookings Institution, recently wrote that under the Administration's current plan to rebuild Iraq, "Iraqis need not do much of anything except sit back and watch American occupiers and contractors decide how to rebuild their country."

An October 9 article in *The Economist* made this poignantly clear. "Saudi caterers contracted by Kellogg Brown and Root, a subsidiary of Halliburton, an American oil-services company, have shipped in hundreds of Indian and Bangladeshi cooks to avoid, they say, the risk that Iraqis might poison the food. Filipina maids hired in Jordan do the cleaning. Lorries from the Gulf states bring in thousands of tons of provisions every day because Iraqi food does not meet American specifications. No-entry signs at the back of the coalition's Baghdad headquarters are in Urdu and Bengali, not Arabic."

It goes without saying that we want the Coalition Provisional Authority to keep our soldiers safe. But if we intend to train Iraqis to serve as police in this country and to equip them with weapons, surely we can find ways to screen other Iraqis to serve food and clean rooms.

It also is obvious that Iraqis can rebuild their country more cheaply than contract labor. During an October hearing in the House on Iraq reconstruction efforts, Representative Henry Waxman offered the example of efforts to rebuild a cement factory in Iraq. Major General David Petraeus told a Congressional delegation traveling to Iraq that American engineering experts estimated it would cost \$15 million to build a cement factory up to U.S. standards. Lacking the money, Petraeus asked local Iraqis to rebuild the factory, which they did for \$80,000. As Representative Waxman noted, "General Petraeus reduced the cost to U.S. taxpayers by 99 percent by using local and Iraqi contractors instead of Halliburton or Bechtel."

And last week, the *Washington Post* reported how the Army is using funds from seized Iraqi assets and funds hoarded by Saddam Hussein, to pay Iraqi citizens to do the small community-centered projects that spell hope for the country and its people. Unlike the huge contracts given to the Halliburtons and the Bechtels, the Army has gotten about \$31 million directly into the hands of the Iraqis, who have used it on 11,000 projects – everything from civilian defense to

rebuilding hospitals and fixing roads and refineries. "Money is the most powerful ammunition we have," General Petraeus told the Post.

There have been concerns about the Army's stewardship of this money, and here, too, accountability is necessary. But it is clear that giving funds directly to Iraqis can produce rather dramatic results.

The American people are appalled at stories of favoritism in contracting and of U.S. lobbyists promoting the interests of U.S. companies seeking a share of the billions in reconstruction funds. They are disillusioned that the people of Iraq are not more engaged in the rebuilding of their own country.

Eye on Iraq - a Common Cause web-based effort to educate citizens about Iraq reconstruction and to give them an opportunity to express their views has drawn the participation of thousands of concerned Americans. Within 24 hours of posting our petition to the Coalition Provisional Authority asking the CPA to ensure that our dollars went to aid the people of Iraq, not well-connected U.S. firms, we had collected nearly 10,000 signatures. Within 48 hours, that total was up to nearly 20,000. To date, more than 32,000 have signed our petition.

And they've e-mailed us, and sent in donations. I'd like to read you what your constituents are saying: *Your efforts have never been more needed,*" writes one activist.

Another asks us, "*Continue this amazing grass roots internet effort!*" Still another urges us to "*Keep up the good work and don't let up on the pressure.*"

American lives have been lost in an effort to bring peace, stability and democracy to Iraq. We will keep up the pressure to make sure that the lives of our soldiers have not been wasted. We urge you to keep up the pressure so that the effort we make to rebuild Iraq reflects the best we have to offer: openness, transparency, fairness and justice. This is far too important to be left to lobbyists and inside-the-beltway games.