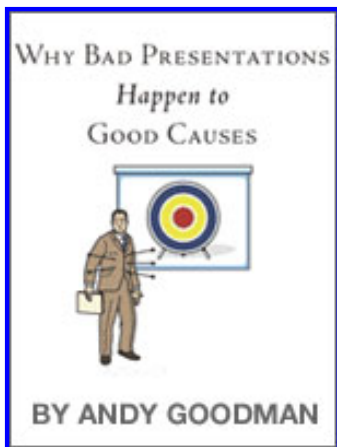


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Cheney's Halliburton Loses Its Iraq Cash Cow

By [Charlie Cray](#), [TomPaine.com](#). Posted [July 31, 2006](#).

Finally, Dick Cheney's former company has had its lucrative contract to rebuild Iraq's oil infrastructure canceled, but the company may still get more chances to rip off the U.S. taxpayer.

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Recently, the Army [announced](#) with much fanfare that it was canceling the monopoly logistics contract that Halliburton/KBR has used to bilk U.S. taxpayers since the occupation of Iraq began. The contract will be broken up and divided among at least three different companies, but it's not clear that this will make much difference to taxpayers, or even that Halliburton will stop

making a killing.

The new policy is, in effect, tacit recognition of the epidemic of waste, fraud and poor contract oversight that have plagued the Iraq occupation from the start. It vindicates key congressional critics, such as Sen. Byron Dorgan, D-N.D., and Rep. Henry Waxman, D-Calif., whose dogged persistence has exposed a cornucopia of corruption associated with contracts like Halliburton's. Yet, if the history of the Iraq contracts so far is any indication, that's about as much as can be read into the policy.

The history of Halliburton's other major contract in Iraq -- the oil contract -- indicates the need for skepticism. It is well known that Halliburton received its first oil contract (RIO I) as the result of a dubious no-bid contract [ordered by top Pentagon officials](#) (including Paul Wolfowitz) -- a decision that was "coordinated with the vice president's office," according to a Pentagon [e-mail](#) uncovered by Judicial Watch.

The rest, as they say, is history. After getting a leg up on all potential competitors, KBR also used its incestuous relationship with the Army Corps of Engineers to extract a second no-bid oil contract (RIO II).

The fix was in, according to the Corps' top civilian contracting expert, Bunnatine Greenhouse: "I can unequivocally state that the abuse related to contracts awarded to KBR represents the most blatant and improper contract abuse I have witnessed during the course of my professional career." Greenhouse [exposed](#) the collusive relationship at an unofficial congressional hearing held by the Democrats last June (no official committee has yet chosen to invite her to testify), before she was demoted for speaking out.

As was the case with the oil contracts, Halliburton remains eligible to bid for the new logistics contracts in Iraq, despite a horrendous record of dubious cost overruns, waste, employees who took kickbacks, the torching of \$85,000 trucks that required only minor repairs, \$45 cases of soda, \$100 per bag of laundry, and evidence that Halliburton served contaminated water to the troops. All of this and so much more have been uncovered by the Pentagon's auditors, the Inspector General for Iraq Reconstruction, numerous whistleblowers, Waxman and Dorgan, and plenty of outside investigators, including my colleagues at [Halliburton Watch](#). The point is that in Halliburton's case, there is [more than enough basis](#) for suspension or debarment from future contracts.

Yet the fact remains that with weak oversight, it's impossible to imagine anything will change. In fact, it could get worse, especially if the responsibility for oversight itself is outsourced. With the network of contract cronyism and subcontracting ties in Iraq and elsewhere, it will be hard to find any contractor to conduct such oversight that does not have a significant conflict of interest. Waxman, Dorgan and other members have already [identified](#) this conflict of interest in other Iraq-related contracts.

Meanwhile, the powerful Republicans who control key committees in Congress have staunchly resisted all calls for in-depth investigations, while rebuffing numerous attempts by Sen. Dorgan to establish a special Senate investigative committee on war profiteering, modeled after a similar committee established by Harry Truman in World War II. The last time Dorgan raised his proposal was in May, when it was shot down in a strict partisan vote.

Leading Senate Democrats, including Dorgan, Durbin, D-Ill., Harry Reid and Pat Leahy have also [introduced](#) a comprehensive contracting reform proposal -- [The Honest Leadership and Accountability in Contracting Act of 2006](#) (S. 2361). The bill would establish criminal penalties for war profiteering, require that lawbreaking companies be excluded from any new contracts and protect whistleblowers from retaliation, among other provisions. It was brought up for a vote during the Senate's consideration of the 2007 Defense bill, and similarly shot down by the Republican Congress' highly-partisan Halliburton protection racket.

The only contract reform bill that continues to survive with bipartisan support is the Federal Funding Accountability and Transparency Act (S. 2590) -- a proposal introduced by Sens. Barack Obama, D-Ill., and Tom Coburn, R-Okla., with support from other Republicans including John McCain. This bill would require the White House Office of Management and Budget (OMB) to create a publicly available database that tracks federal spending as well as the entities that receive federal funds. A useful proposal, but quite modest when measured against the epidemic of contracting abuses.

“We have not done the oversight,” Dorgan suggests. “I think part of it is because we have one-party rule in this town -- the White House and the House and Senate. Nobody wants to embarrass anybody. But the fact is there is such massive amount of money that is going out the door in support of these contracts -- sole-source, no-bid contracts that have promoted waste. And nobody wants to take a second look at it. Nobody wants to see what is going on.”

Because Halliburton remains eligible to bid on any of the new Iraq logistics work, there is every reason to watch for new scams invented to circumvent the Potemkin-like oversight asserted by the Pentagon. For example, when the buzz about breaking up the monopoly contract began last year, Halliburton's CEO David Lesar, a former partner at Arthur Andersen [suggested](#): "If we do choose to rebid, we're going to jack the margins up significantly."

Another problem with outsourcing oversight is that all kinds of fraud can be hidden under layer after layer of subcontracts, especially when the subcontractors are incorporated in different countries all over the world. It may be difficult for anyone but the best forensic accountant to determine if the other contractors and their subcontractors have no connection to Halliburton. After all, we're talking about a company experienced at using offshore subsidiaries and tax haven accounts to avoid restrictions on doing business in Iran and who hid a \$180 million bribery scheme in Nigeria. Halliburton is a company that knows how to hide its dirty linen from inattentive eyes. Lesar and his colleagues are plenty confident they can continue business as usual despite the stepped up attention.

U.S. taxpayers, at least, deserve better. If the congressional protection racket that surrounds Halliburton is willing to play hardball, then Democrats should up the ante. Rather than conceding defeat, they should push for tougher reforms to demonstrate what a difference a midterm election can make. As leverage they should continue to expose the culture of corruption that has gutted all kinds of enforcement standards and procurement policies that are merely sweetheart deals and just plain giveaways to former government workers turned kleptocratic contractors.

Charlie Cray is the director of [The Center for Corporate Policy](#) in Washington, D.C.

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No end in sight to U.S.-fed wars

Posted by: Moonray on Jul 31, 2006 2:07 AM

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Iraq may be winding down for Halliburton, but Lebanon is just getting started. The Bushies appear to be trying to create a new quagmire just north of Israel, which will really be convenient. No need to commute across Jordan or Saudi.

And it's working. The worsening mess in Iraq has all but disappeared from U.S. TV screens. If we can keep holding Israel's coat and supplying their F-16s with bombs, Americans might forget about the Iraq debacle altogether.

I used to think that all the U.S.-fed wars of the past half century were part of a dark plot hatched in Washington, but that now seems implausible. Not even Republicans can be that consistently evil.

Rather, it's the hubris that flourishes inside the Beltway, the Us.-vs.-Them attitude that permeates the U.S. government -- with Them being anyone (Communists, radical Muslims, Latino socialists, etc.) who threatens our cowboy capitalism and cultural imperialism at that particular moment.

Consider the countless billions in tax dollars we have wasted on unnecessary and unwinnable wars since 1960 -- a trillion

dollars? Two trillion?

For companies like Halliburton, the fun never ends. And, ironically, the U.S. bull-in-a-china-shop approach to diplomacy usually succeeds only in making things worse.

Our government would do the world a great favor if it kept its envoys home and stayed out of world affairs. The U.N. may be doddering and inefficient, but it doesn't usually leave its area of concern soaked in the blood of innocents -- and the U.S. usually does.

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» [RE: No end in sight to U.S.-fed wars](#) Posted by: ShoShenQ

coverup

Posted by: rsaxto on Jul 31, 2006 5:05 AM

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Halliburten losing its contract is just a coverup for the fact that it will get other contracts to feed their insane greediness. Get rid of the pigs by impeaching the top Cheney/Bush people who are bringing such grief to American citizens and the citizens of the rest of the world.

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» [RE: coverup sickofsleaze](#) Posted by: ladybug1@carrollswb.com

sickofsleaze ps

Posted by: ladybug1@carrollswb.com on Jul 31, 2006 5:51 AM

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Or Lebanon is ramping up, maybe that grass looks greener

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WAR WILL NEVER END UNTIL WE OUTLAW PROFITING FROM IT

Posted by: xbj on Jul 31, 2006 6:31 AM

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It's that simple. Once you accept that simple basic fact, it's not hard at all to figure out ways to accomplish it.

Of course, that means a certain group of elite are going to have to get off their asses, wash off all the babies' blood they're drenched in, and get real jobs.

A far better fate than the one they're destined for now.

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