

# Senate Democratic Policy Committee Hearing

"An Oversight Hearing on Contracting Abuses in Iraq"

Statement of Senator Richard Durbin

September 10, 2004

I want to thank Chairman Dorgan, Senator Lautenberg, and especially Congressman Waxman, and our other colleagues for all their hard work on this issue.

The war in Iraq has exposed the flaws in our contracting system. Halliburton has been the focus of much of this controversy not because of some political vendetta but because of the sheer size of the \$11.4 billion in contracts it has received for work in Iraq and Afghanistan.

It's also the focus because of the sheer size of the allegations of waste, fraud, and mismanagement --- the Defense Contract Audit Agency reports that 42 percent of the total proposed value of the Logistics Civil Augmentation Program (or LOGCAP) task orders given to KBR, Halliburton's subsidiary, were unsupported.

That means that the auditing agency found that KBR has not provided support to justify \$1.8 billion of the \$4.3 billion tab that it has handed to the federal government.

We have all heard about the \$45 cases of soft drinks, the \$27 million for meals that Halliburton charged the government but were never served to troops; the luxury hotels in Kuwait that Halliburton employees stayed in despite Defense Department requests that they move to less plush accommodations; and the \$61 million in overcharges for gasoline.

And today we are going to hear about the process by which Halliburton secured some of these billion dollar contracts -- a process that seems deliberately designed to handicap other bidders and ensure Halliburton's success.

Taken as a whole, these charges certainly seem to make a convincing case that the government needs to consider debarment or suspension of Halliburton for the egregious misuse of taxpayers' dollars.

This is about more than Halliburton. This is also about the United States Congress. Where are we? We have not heard from the U.S. Congress on this issue. Have we abandoned our oversight responsibilities?

In looking at this issue, history gives us some lessons on which we can draw. That's why next week I will be introducing legislation to create a Senate Special Committee modeled after the highly successful Truman Committee of the early 1940s. This was a Democratic member overseeing a Democratic President and insisting on tighter scrutiny.

As Harry Truman stated when he came to the floor in 1941, "I am calling the attention of the Senate to these things because I believe most sincerely that they need looking into. I consider public funds to be sacred funds, and I think they ought to have every safeguard possible to prevent their being misused or mishandled."

Senator Truman continued, "I think the Senate ought to create a special committee with authority to examine every contract that has been let, with authority to find out if the rumors rife in this city have any foundation in fact.... I have had considerable experience in letting public contracts; and I have never yet found a contractor who, if not watched, would not leave the Government holding the bag. We are not doing him a favor if we do not watch him."

For these same reasons, I am introducing legislation to create a new Truman Committee, a special Senate committee to oversee contracting related to the wars in Afghanistan and Iraq and the war on terrorism.

Again, I want to thank the witnesses, the chairman, and my colleagues, for all their good work.