

Senate Democratic Policy Committee Hearing

**Monday, June 27, 2005
1:30 p.m. – 3:30 p.m.
138 Dirksen Senate Office Building**

“An Oversight Hearing on Waste, Fraud and Abuse in U.S. Government Contracting in Iraq”

**Opening Statement
Senator Frank Lautenberg**

Senator Dorgan, thank you for convening this hearing today, and giving us an opportunity to examine the Defense Department contracts with the Halliburton Corporation. Thank you for the leadership you have provided on this important issue.

I also want to thank our colleague from the House, for being here.

I want to welcome our witnesses, and offer a special greeting to Ms. Greenhouse — currently the highest-ranking civilian contracting official in the Army Corps of Engineers. Her courage and honesty have led her to speak out about irregularities in the awarding of contracts to Halliburton.

I serve on the Senate Homeland Security and Governmental Affairs Committee. I have requested five times over the past two years for the committee to conduct a hearing similar to this one, on a bipartisan basis.

I regret that Senator Collins, the Chair of that Committee, has shied away from investigating the waste of more than \$10 billion dollars of the taxpayers' money in the Defense Department contracts with Halliburton.

However, we had plenty of time in that Committee to investigate the diploma mills, FEMA overcharges and the use of credit cards at the Pentagon.

Unfortunately, the Chairman of the Homeland Security and Governmental Affairs Committee has taken a partisan approach, and still refuses to hold a hearing.

Mr. Chairman, I am motivated to get to the bottom of these allegations first as a veteran, and second as a grandfather of 10 children.

As a veteran, I know that every dollar of our Defense Budget that is wasted by a private contractor is a dollar we can't spend on body armor or other things our troops need.

As a grandfather, I am concerned that our government is borrowing money hand over fist...and digging a hole for our grandchildren.

Every dollar wasted on a no-bid contract is a dollar that could have been applied toward reducing the deficit.

I think every Senator would want to examine serious charges involving the misuse and waste of the taxpayers' money.

But the bottom line is that the Republican leadership in Congress is giving Halliburton a free pass – I suppose because of Vice President Cheney's close connection to Halliburton.

But we simply cannot turn a blind eye to the massive contracting abuses that have occurred in Iraq, involving Halliburton and its subsidiary KBR.

Today, we will hear of even more outrages. We will hear a former Halliburton employee describe how the company threatened to move workers to Fallujah and other dangerous areas if they talked to government auditors.

Think about that. They weren't just threatened with the loss of their jobs ... or a less desirable work schedule.

Their lives and safety were threatened – if they told the truth.

This is why I will soon introduce legislation to strengthen “whistleblower” protections for employees of federal contractors.

We will also hear today about Halliburton's “Restore Iraqi Oil” contract. This was a no-bid deal that reaped \$2.5 billion for Halliburton.

Ms. Greenhouse has exposed many abuses in this contract, and we are grateful for her patriotism.

We will also hear about LOGCAP, which is a “cost-plus” contract. That means Halliburton gets reimbursed for every dollar it spends, plus a predetermined percentage of profit.

This is a sweetheart gift to Halliburton but it's a rip-off for taxpayers.

We've seen overcharges by Halliburton for meals for our troops, for gasoline, for soft drinks – the list goes on and on.

You would think that in light of all these abuses, Halliburton would be penalized.

But there is no accountability in this Administration and no accountability in this Senate. Instead, Halliburton is being rewarded.

It is regrettable that the Republican leadership of Congress has shirked its duty to examine these allegations. That only adds to the importance of our hearing today.