

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 Harry Reid**

Let me thank Senator Dorgan and the DPC for holding this hearing, and the previous hearings on contracting abuses in Iraq. DPC has held several hearings on this issue because it appears billions of U.S. taxpayer dollars have been mismanaged in Iraq and the Administration and our Republican colleagues have chosen to do little about it.

As a result, U.S. taxpayers have had to rely on whistleblowers and former employees of U.S. contractors and the CPA to come forward in these kinds of settings and tell the truth about what has occurred, and probably is still occurring. And, so I thank the witnesses for their testimony today, and for their willingness to come forward.

We are facing an extremely difficult situation in Iraq, made even more difficult by this Administration’s mishandling of the war at almost every step.

The pre-war intelligence failures, the failure to go in with enough troops, the decision to disband the Iraqi army, the dramatic failures in reconstructing all have hurt our efforts in Iraq and directly exposed our troops to greater risk.

I would argue that the contracting irregularities, some of which we are going to hear about this morning, have had a very similar effect. Insurgencies thrive where there is little hope for a better life. When conditions fail to improve, ordinary Iraqis – the “fence sitters” as some call them – are more prone to either join those fighting U.S. forces or aid and support them.

U.S. taxpayer funds diverted to line the pockets of fat cat contractors cannot be used to provide jobs to young Iraqi men, 50 percent of whom are unemployed. U.S. taxpayer funds shifted to scam artists cannot be used to provide basic electric services to millions of Iraqi people who go parts of each day without service when the average daytime high in Baghdad frequently approaches 100 degrees. U.S. taxpayer funds misappropriated by conmen cannot be used to provide basic water and sewage services when raw sewage still spews on to the streets where many Iraqi children play. And

finally, U.S. taxpayer funds shifted away from the training of Iraqi security personnel means fewer Iraqis helping our troops provide security.

The Commander of the First Cavalry in Baghdad has said that when his troops were given the resources to work on reconstruction projects – on sewer systems and power lines – the number of threats against his troops went down.

The absence of contracting controls, badly qualified contractors, poor management by inexperienced officials, over-billing and profiteering, corruption, and a failure to deliver basic services to the Iraqis are not only wrong, they contribute directly to the difficult situation we find ourselves in today in Iraq and make achieving success there even harder. We owe it to our troops and our taxpayers to see that we get this right.