

**Statement By Representative Brad Sherman**  
**Democratic Policy Committee Hearing On Contracting Abuses In Iraq**  
**November 3, 2003**

Thank you for holding these hearings. I hope that we have more bicameral hearings when, as happens all too often, the bipartisan and regular committees of the House and Senate fail to fully investigate that which should be investigated.

The Senator is wise to bring up the issue of why it is that we're extending almost \$20 billion as a grant to a country that has the second-largest oil reserves in the world. The reason is, they also have a lot of debts. And it seems very important to the administration that these debts be paid. Now, the folks that lent money to Adolf Hitler, they didn't get repaid. But it seems critically important to this administration that the folks who lent money to Saddam Hussein get repaid. And who is owed that money: Saudi Arabia, Kuwait and the United Arab Emirates are the largest creditors. And so, American dollars will be spent, with whatever degree of efficiency is provided, to rebuild the Iraqi oil fields so that Iraq can generate money to give to Saudi Arabia and Kuwait, who apparently don't have enough oil or enough money of their own. In addition to the loans made to Saddam, there are the ideas that reparations should be paid. So first come the creditors, then come the reparations. And the American taxpayer which, after all, is putting in the \$20 billion that rebuilds the oil wells that are going to generate the revenue, is not even in line at all-- a peculiar sense of priorities.

The other issue, and one that grips us all, is why we're not getting more international help, because we would save lives, American lives, if this was viewed as an international rebuilding of Iraq and a occupation or security arrangement for Iraq. We would get more money from abroad, we would get troops from abroad. We'd get an imprimatur from abroad. But for some reason the administration is clinging to control of what goes on with Iraqi rebuilding. And my greatest fear is their reason for doing that is that our international allies, the United Nations, would not award no-bid contracts to people the administration wants to give no-bid contracts to. And I would hate to think that Americans are dying unnecessarily so that we can retain control over contracts that otherwise would be administered internationally through a more transparent process.

Now, I think as has already been mentioned, Halliburton already has a \$1.4 billion no-bid contract in Iraq, and there appear to be others. So I authored an amendment on the House side. And it was an extreme amendment. It was not drafted the way I wanted to, because, you know, on the House side, we've got House rules that basically tie your hands when amending appropriations legislation. It's hard to write a sophisticated amendment with your hands tied. And what it provided was that there would be no no-bid contracts, no departure from regular order in awarding contracts--no matter what--in the oil patch in Iraq.

Now, it shouldn't surprise you that I would author such an amendment. It wouldn't surprise you that every Democrat in the House voted for it. What is surprising is that 47 Republicans in the House voted for that amendment, even when Chairman Kolbe was able to question me and say, "What if there's an emergency? What if there's an oil fire?" And my response had to be, "I fear the results of giving this administration flexibility over oil contracts more than I fear tying their

hands," that the traditional exceptions to government contract rules that applied to the Clinton administration for eight years shouldn't apply when this administration in giving oil contracts. Forty-seven Republicans agreed with that. Even when Chairman Kolbe could say, "What if there's an oil fire?" and I had to say, "Well, it's more important that we stop no-bid contracts, especially in this area."

And, so, I want to commend those 47 Republicans--none of which are here today--for realizing just how untrustworthy this administration is when it comes to no-bid contracts dealing with oil companies.

I want to thank you for the time that you've allotted.