

WAR PROFITEERING IN IRAQ

The SPEAKER pro tempore (Mr. GARRETT). Under the Speaker's announced policy of January 7, 2003, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes.

Mr. PALLONE. Mr. Speaker, earlier this month Congress approved an \$87 billion supplemental for the war and reconstruction efforts in Iraq. While I believe it is critically important that we get our military troops all the resources they need to safely complete their mission in Iraq, I do not support rubber-stamping this legislation so the Bush administration gets a free ride from Congress.

The Bush administration must account for its war strategy. The Bush administration must also answer the tough questions regarding questionable no-bid contracts, contracts that benefit Vice President DICK CHENEY's former employer, an employer that continues to pay CHENEY hundreds of thousands of dollars each year in deferred salary, contracts that are free of any oversight from Congress.

Mr. Speaker, right now Halliburton holds a monopoly on Iraq. The company's no-bid contract was first negotiated in secret and originally intended for the sole purpose of extinguishing oil fires that could result from the war. Once again in secret last spring, that contract was extended with the Army to include the reconstruction and repair of Iraq's oil infrastructure. The administration did not allow other companies an opportunity to bid on this reconstruction.

Now, today, Mr. Speaker, just today, Halliburton faces no competition and no oversight. And today also the Bush administration announced the contract would be extended longer than expected, blaming sabotage of oil facilities for delays in replacement contracts.

Up to this point, Halliburton has been free to spend the American taxpayer's money at will and Congressional Republicans who, night-in-and-night-out, come to this House floor to complain about waste in the Federal Government, have been silent. I think that is outrageous.

In fact, many of my colleagues on the other side of the aisle try to compare our reconstruction efforts in Iraq to those efforts included in the Marshall Plan at the end of World War II. But what my Republican colleagues neglect to say is that President Franklin Roosevelt stood up against war profiteers when he said, "I don't want to see a single war millionaire created in the United States as a result of this world disaster."

President Bush and House Republicans, who have never been shy about their efforts to help the wealthy expand their wealth, certainly do not share Franklin Roosevelt's sentiment.

After World War II, Congress also refused to neglect its role in overseeing taxpayer money when the Senate unanimously created a special com-

mittee headed by then Senator Harry Truman to root out waste, corruption, inside trading and mismanagement in the Nation's defense industries. But, today, the Senate and the House, both controlled by Republicans, have turned a blind eye to possible waste and mismanagement. Congressional Republicans refuse to even question the Bush administration on the billions of dollars of taxpayer money now going to Halliburton, much less create a special committee to oversee these funds.

I ask you, Mr. Speaker, what are my Republican colleagues afraid of? Why do they refuse to hold Halliburton accountable for the billions it now spends in Iraq? Could it be Congressional Republicans do not want to draw much attention to the fact that the company profiting from the reconstruction of Iraq, Halliburton, continues to pay Vice President CHENEY hundreds of thousands of dollars each year?

The Vice President tried to squash such a story when he appeared on Meet the Press on September 14. The Vice President stated, "And since I left Halliburton to become George Bush's Vice President, I have severed all my ties with the company, gotten rid of all my financial interests. I have no financial interest in Halliburton of any kind, and haven't had now for over 3 years."

Well, despite the Vice President's claims, the Congressional Research Service issued a report several weeks later concluding that because CHENEY receives a deferred salary and continues to hold stock interests, he still has a financial interest in Halliburton. In fact, if the company were to go under, the Vice President could lose the deferred salary, a salary he is expected to continue to receive this year, next year and on into 2005. While losing around \$200,000 a year would not put a big dent in the Vice President's wallet, he clearly still has a stake in the success of Halliburton.

It is possible that Halliburton is the right company to do this work in Iraq, but how then does the Bush administration and the Republican Congress explain why there is so much secrecy surrounding the whole deal? Could it be that the Republican Congress and the Bush administration are concerned that the more light that is shed on Halliburton's use of taxpayer money would be more examples of waste and mismanagement that would likely be exposed?

Despite the fact that Halliburton now goes about its business in Iraq without any Federal oversight, my colleagues on the Democratic side, the gentleman from Michigan (Mr. DINGELL) and the gentleman from California (Mr. WAXMAN), exposed the outrageous fact that Halliburton seems to be inflating gasoline prices at a great cost to American taxpayers.

In a letter to OMB Director Joshua Bolton, the gentleman from Michigan (Mr. DINGELL) and the gentleman from California (Mr. WAXMAN) wrote that the independent experts they consulted

have been appalled to learn that the U.S. Government has paid Halliburton \$1.62 to \$1.70 to import gasoline into Iraq. According to these experts, the price that Halliburton is charging for gasoline is outrageously high, potentially a huge rip-off and a highway robbery. During the relative period, the average wholesale cost of gasoline in the Mideast was around 71 cents per gallon, meaning that Halliburton was charging 90 cents per gallon just to transport the fuel into Iraq. According to the experts, such an exorbitant transportation charge is inflated many times over. Compounding the cost to the taxpayers, this expensive gasoline is then sold to Iraqis at a price of just 4 to 15 cents per gallon; 4 to 15 cents per gallon.

Now, Iraq has the second largest oil reserves in the world, but the U.S. taxpayers are, in effect, subsidizing over 90 percent of the cost of gasoline sold in Iraq.

In light of this new information, the gentleman from Michigan (Mr. DINGELL) and the gentleman from California (Mr. WAXMAN) requested that OMB Director Bolton provide copies of all contracts, task orders, invoices and related documents issued to date regarding Halliburton's work in Iraq so Congress can conduct its own independent investigation of these issues on behalf of the U.S. taxpayer.

This request from my Democratic colleagues seems reasonable. After all, if Halliburton is grossly overcharging the American taxpayer for the transportation of oil, what else might the company be overcharging the Federal Government for?

Once again, my Republican colleagues are silent on the issue. Those waste-watchers that come down here periodically and talk about waste in the Federal Government, those Republicans who come down to the floor periodically to rail against waste, a government they currently control, I might add, you do not see them coming down to the floor to rail about Halliburton's gauging of the Federal purse. They are silent. You do not see any Republicans expressing the need for more Congressional oversight of the current contracts going to Halliburton and others.

It appears to be another example of how the House Republicans have taken this House away from the people and handed it over to an elite few, the corporate executives and other special interests.

Mr. Speaker, I could go on, but I see that many of my colleagues on the Democratic side have joined me here. So I would like to yield at this time to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. I want to thank the gentleman from New Jersey (Mr. PALLONE) for putting this special order together this evening so we can place on the record a number of our deepest concerns about the way in which contracting is being handled relative to

the war in Iraq, and particularly some of what appears to be war profiteering by some of the highest officials in our government and some of the private firms with which they have had association.

I came down here this evening because as a member of the Committee on Appropriations, when funds were being debated for Iraq and Afghanistan, I was denied the opportunity, and I emphasize, denied the opportunity to even offer an amendment to require competitive bidding in any contract associated with this war effort. I could not believe that I was not even allowed to offer the amendment. I remember I was told, "Well, you know, Congresswoman, they are going to take care of that over on the Senate side," I mean, "in the other body."

I said, "Oh, are they?"

Then I found out the way they are going to take care of it is only to allow a provision to be offered for reporting back. That means once the horse was out of the gate, maybe some contracts would be reported back, but there would be no competitive bidding. Then I learned this last month that only the contracts after March 1 might be reported back.

I said, "No, no, no, what about the contracts for Halliburton and Bechtel that preceded March 1? That is what is at issue in the current supplemental that is working its way through this Congress."

I thought, oh, that is very interesting.

So I cannot get competitive bidding considered as a real amendment. Even in the reporting-back amendments it is everything that comes after March of this year, maybe, and we closed the door on what happened before March 31 of this year.

So my question is, who is trying to hide what? Who is trying to hide what?

So I come down here as a disgruntled Member tonight, because I should have been allowed the opportunity. We are not talking about tiddly-winks here. We are talking about the largest supplemental in American history. \$87 billion was just voted out of this House, and yet there were no requirements for competitive bidding, and the reporting-back requirements are flawed. We need to know who got how much money and we need to understand who is benefiting from the taxpayers' largess and who is profiteering.

The gentleman from New Jersey (Mr. PALLONE) has put on the record some very important information, and it has to do with the amount of money that Halliburton is being paid to move petroleum and gasoline from Kuwait to Iraq. Now, remember, Iraq has the second-largest oil reserves in the world, and it is estimated that it would normally cost 70 to 98 cents for a gallon of gasoline to move from Kuwait to Iraq.

Well, how come Halliburton is charging upwards of \$1.78, anywhere from \$1.48 to \$1.78 a gallon, and the American people then are paying for that

differential? How is that happening in all of this?

There is an estimate that Halliburton is actually making from this anywhere between \$300 million and \$900 million, because about a third of the dollars they are getting relate to the transport of fuel from Kuwait to Iraq. So this is not something small. This is not a little asterisk or a little tiddly-wink or whatever. This is a huge amount of the additional funds that we were requested to spend as a Congress.

The U.S. Army Corps of Engineers reported that as of September 18, last month, the United States had paid Halliburton over \$300 million to import approximately 190 million gallons of gasoline into Iraq, and that meant that on a per-gallon basis for that tranche of shipment of fuel, Halliburton charged the United States an average price of \$1.59 a gallon to import gasoline into Iraq. And that did not include Halliburton's additional fee of 2 percent to 7 percent, which increases the cost to our taxpayers to \$1.62 to \$1.70 per gallon for fuel that should move at a rate in that region of anywhere between 73 cents, as I said, and 98 cents a gallon.

Somebody is making an awful lot of money. Halliburton has received over \$3 billion in task orders relating to the war and reconstruction in Iraq, and most of that is not competitively bid. When did we ever have contracts of that magnitude not competitively bid?

I would just like to place on the record, if I might this evening, information on the amount of compensation that Vice President CHENEY, who had been the chief executive officer of Halliburton, is receiving.

Vice President CHENEY made a statement on national television that he was not receiving any compensation, had no financial interest in Halliburton, and I would beg to say I think he has forgotten some pretty important facts, even that his own financial disclosure forms reveal. For example, a special report done for the Congressional Research Service indicates that he is in fact receiving deferred salary and holding 433,333 Halliburton stock options. I wish to place on the record tonight what he is receiving in deferred salary and what he is receiving in stock options and other benefits.

Let me start with deferred salary. Deferred salary paid by Halliburton to Vice President CHENEY in 2001 equalled \$205,298. I think when you have that much money and you are getting your salary as Vice President, my question is, why do you not donate it? Why do you even take this money?

In 2002, his deferred salary from Halliburton was \$162,392. Halliburton is scheduled to make similar payments to him in 2003, 2004, and 2005, and he has an ongoing corporate relationship from company funds that are being paid.

□ 2230

In terms of stock options, his financial disclosure form stated he contin-

ued to hold these stock options, and they are in three categories. There are 100,000 shares valued at \$54.50 a share, so for that tranche of shares, that value is \$5,450,000. He then has 333,333 shares, and I wonder how that number was picked, valued at \$28.12, and then he has 300,000 shares. Imagine. I mean, I do not know how many people here own stock, but 300,000 shares valued at \$39.50 is a huge amount of money. The total value of these shares right now is over \$26,674,990.

So to say that the Vice President has no interest in Halliburton's future, one would have to be a fool, or not be able to read, even to hold that position. He absolutely has a financial interest in this company. His family has a huge financial interest, and it is a gross interest. It is not some side issue. The Vice President's deferred compensation and stock option benefits are in addition to a \$20 million retirement package paid to him by Halliburton after only 5 years of employment. I would like to know how many Americans listening tonight have a \$20 million retirement package for only working 5 years.

I think of how many of our people have lost their retirement packages. I have people in my district struggling to hold on to benefits and are paying more for health insurance from the retirement programs they had been promised. A third of the private sector plants in this country have gone belly up or have been cut. I can see why this Vice President cannot identify with the pain of unemployment or the pain of 45 million Americans without health insurance, or the pain of Americans who cannot afford prescription drugs. He is not even living in the same world. Halliburton paid him \$1.4 million in cash bonus in 2001, and that does not include the millions of dollars of compensation paid to him while he was employed by the company.

So I wanted to thank the gentleman from New Jersey (Mr. PALLONE) for putting this Special Order together tonight. What was interesting about the no-bid contracts that Halliburton received when we had Hurricane Isabel and that made the front pages all over the country, including here in Washington, the Bush-Cheney administration slipped in an additional \$300 million in no-bid contracts to Halliburton, and it was placed, I do not know, on page 27 or 35; it was buried somewhere in the paper that weekend. But, literally, that brought the total amount of taxpayer dollars paid to Halliburton to over \$2.25 billion, of which \$1.25 billion, and this is not million, even million would be a lot, but this is \$1.25 billion from the no-bid exclusive contract given to Halliburton.

Mr. Speaker, I am really pleased tonight to be down here to help place this on the record as one Member who was denied the ability in her own committee and on this floor to offer a competitive bidding amendment for all contracts related to the war effort.

Mr. PALLONE. Mr. Speaker, I want to thank the gentlewoman. I appreciate the detail that she went into there with respect to the Vice President's compensation and his interest in Halliburton. I was frankly not aware of the level or the magnitude of the stocks and the pension plan and all of the other details. It is incredible what it adds up to. I mean, if I had to add that all up, it comes to maybe \$50 million, between the deferred compensation, the stocks and the retirement plan, over \$50 million. It is outrageous to think that with that kind of compensation and interest, that the government where he is the Vice President would give out these no-bid contracts. I thank the gentlewoman.

I yield to the gentleman from Texas (Mr. SANDLIN).

Mr. SANDLIN. Mr. Speaker, I thank my colleague and good friend, the gentleman from New Jersey, and I appreciate the participation in this effort tonight.

Mr. Speaker, it is a good thing that our government is handing out no-bid contracts for minor purposes such as rebuilding the country of Iraq, because if the government was giving out no-bid contracts for important things like buying stationery at the county courthouse through a no-bid contract, somebody would be going to jail.

Now, like many of us serving in the United States Congress today, I began my career as a local government official. I was a county judge in Texas in charge of the budget and the finances of the county. In Harrison County, Texas, if we needed a piece of equipment for the road and bridge department or fuel for the county, or if we needed any kind of equipment for the county; if we even needed a case of stationery, Mr. Speaker, do my colleagues know how we got that property for the government? We got it through a competitive bid process. That is the law.

Now, in examining competitive bids in Texas, the law says to consider several factors, among them the vendor's price, the quality of goods and services, and past performance of contracts. Mr. Speaker, we considered those things in Texas because it was and is the law. But more than that, requiring bids is fiscally responsible and guarantees that we get the best deal for the taxpayer dollar. Additionally, it guarantees that we get the best service and the best quality product.

Mr. Speaker, in all of my years in local government, I never had one constituent or one company complain about the bid process. It was the law, it was expected, it was proper, it was good business. It is good for government. It is good for the taxpayers, and it is good for American business. That is why, Mr. Speaker, I was shocked and my constituents who I have heard from have been appalled to learn that our Federal Government is awarding no-bid contracts. Now, this is no-bid contracts, not for stationery, no, not for stationery or a few thousand dollars,

but no-bid contracts for billions of dollars to rebuild Iraq. No bid, no competition, no oversight, no nothing, Mr. Speaker.

Mr. Speaker, the United States has the finest construction experts in the world. We have the best education, the best technology, the best expertise, the best equipment and workers that the world has ever seen. Products made in America are the finest quality products made anywhere. Our workers, our products can stand any test, can stand any bid. That is why we do not need no-bid contracts. We do not need these secret deals. We do not need smoky back-room politics for billions of dollars.

Now, we do need transparency. According to the Associated Press today, the government issued a noncompetition, no-bid contract to Halliburton for \$1.59 billion to help rebuild Iraq. Now, why was there no bid? Why these secret deals, Mr. Speaker? Why are there back-room politics for billions of dollars? Also today, the AP announced that the contract was extended at a cost of \$400 million. Again, why no bid? Why secret deals? Why do we have these back-room politics?

Mr. Speaker, Halliburton and its subsidiaries are some of the top construction companies in the world. They can clearly compete for these contracts on their own merits, on their own past. They do not need no-bid contracts. They do not need back-room deals. They can do it on their own. And the same could be said of Bechtel, which has been granted a multibillion dollar monopoly franchise on infrastructure reconstruction contracts. Bechtel too is a top-rate company with top-rate abilities and top-rate employees. They can make it on their own and they want to, and they have. So this is not really a criticism of Halliburton and Bechtel. No-bid contracts, Mr. Speaker, are really good work if you can get them. That is some good work. No, this is a criticism of an administration which makes billions of no-competition, no-bid contracts available. It is a criticism of an administration that has a personal financial interest in government contracts.

Mr. Speaker, it has been reported extensively in the press that the Vice President currently receives compensation from Halliburton. The Vice President has said that not all of those reports are true, and he said that he has no financial interest in Halliburton. We have heard our colleague, the gentlewoman from Ohio (Ms. KAPTUR), read into the RECORD information concerning compensation to the Vice President and, importantly, the amount of stock and options he owns.

Now, there is an easy way to put this to rest. The Vice President should state unequivocally that he receives no compensation from Halliburton, no deferred compensation from Halliburton, he owns no stock, receives no dividends, owns no options, has absolutely no financial interest of any sort which would include both him and his family.

That would put an end to this issue permanently. That would be the end of it. I think everyone in this House and everyone in the American public would agree that the administration and members of the administration should not have any personal interest whatsoever in government contracts, period. And we have to abide by those rules in the House.

Next, we should establish a policy to bid out these contracts and award the bids to the best bidder, taking into account cost, quality, and past performance. I am sure Halliburton and Bechtel would get some of these contracts. I am sure they can. But that is the process we go through. In other words, let us take a business-like approach. I believe that is what Halliburton and Bechtel and the others really want. They want contracts. They do not want politics. They do not want criticism. That is our obligation to the American taxpayer. Because do we know who is paying these exorbitant prices for these no-bid contracts? It is you and me. It is the American taxpayer. Many of us in this body support making at least some of the rebuilding funds to Iraq as a loan to be repaid. Many of us believe that Iraq should at least use some of its own oil to rebuild its own country. But this administration says no. They say we have to give the money away, and, on top of that, waste it with no-bid contracts, the money that we are giving away.

Now, Mr. Speaker, we all agree that the United States has a part to play in rebuilding Iraq, and that is a laudable goal. Of course, many of us also believe that we have a part to play in rebuilding America, and we should pay just as much attention to rebuilding American schools and American roads and American infrastructure; that is our first obligation. Let us get started on that today.

But, Mr. Speaker, we can bet that the contracts in America will be done by bid. That is the proper way to do business, and everybody in this House on both sides of the aisle knows it. It is the proper way to do business. It saves money. It is good for us all. We should expect no less than that in Iraq, and we should expect no less than that of our current administration.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman. Again, I just think it is incredible to think that as the gentleman said on a local level or a county level, even down to the stationery that is purchased, you have to have competitive bidding. Yet, here at this level, with billions of dollars at stake, it is not happening. I think most Americans would probably be shocked to find out that that is true, but it is.

I yield to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman from New Jersey, my friend, and I appreciate hearing the comments from the gentleman from Texas (Mr. SANDLIN) and the gentlewoman from Ohio (Ms. KAPTUR), and I

thank the gentleman from New Jersey (Mr. PALLONE) for his night after night work on exposing the kinds of corruption that we have seen in this whole process.

We all know about this corruption. We know that we are spending \$1 billion a week in Iraq. We know that \$300 million, 30 percent of that \$1 billion a week is going to private contractors, most of them friends of the President, most of them major contributors to the President. One of them, Halliburton, used to be the company where the Vice President was CEO and a company that still pays the Vice President \$13,000 a month. We know all of that. We know about the corruption. We know about the waste. We know it continues. But what bothers me, what bothers me probably the most about that is what Halliburton and these private contractors are not doing.

Last month, early this month, I had a meeting with 25 families in Akron, Ohio, in my district on a Saturday morning. It was going to be about an hour and a half meeting and ended up being over 3 hours, with 25 families who had loved ones in Iraq. What I heard was how our government, and our government, unfortunately, now includes a privatized military worth \$300 million out of \$1 billion that goes to Halliburton, and our government has simply failed these service men and women. The stories are legion; we are all hearing them in our districts. I heard them for 3 hours that day. We do not have safe drinking water for our troops. Hundreds, thousands of our troops are getting, have gotten dysentery. We do not have sufficient antibiotics in many cases. We do not have, and this is the most shocking and the most troubling, we do not have enough body armor for our men and women in uniform. One-fourth of servicemen and -women lack the body armor they need; and that body armor will not be available until December, we are told by Mr. Bremer, the person the White House has hired, that President Bush has hired to oversee the rebuilding of Iraq, and by Mr. Rumsfeld.

Mr. Speaker, I am incredulous that we are spending \$1 billion a week, 30 percent of that money going to the President's friends, and many of it, much of it in an unbid contract, as the gentlewoman from Ohio (Ms. KAPTUR) has shown us; yet we cannot find enough money to provide safe drinking water for our troops. We cannot supply and protect our troops sufficiently. We do not have enough money, or the wherewithal to get the antibiotics to them that they need, and we do not have sufficient body armor when President Bush knew we were going to war at least a year ago, and still cannot have enough body armor for our men and women there.

So I do not get it. We have seen this kind of corruption and incompetence on the part of the President, the White House, the military, the civil authority, the military leaders. We are seeing

brave men and women over there. But the people who are running this operation, we are seeing corruption and we are seeing incompetence, and we are seeing a small number of companies get incredibly rich. We are seeing the President's campaign chest fatten every day.

Tomorrow the President is going to be in Columbus, Ohio, in my State, raising several hundred thousand dollars, maybe \$1 million. We are hearing that every week he is going out on a funding trip. Vice President CHENEY, about the only time he is in public is for a fund-raising trip. They always raise money from Halliburton and Bechtel and these contractors.

□ 2245

So, I mean, think of this circle. We are spending \$87 billion this Congress is about to appropriate. We are already spending a billion dollars a week. A third of that money goes to private contractors who are friends of the President, who give money to the President's campaign. Yet where is the focus on protecting and supplying our troops? I guess it is not criminal, but it is just incredible to me that the President of the United States is so intent on fundraising and so intent on feeding his political friends and getting these political contributions in return, that this White House, and this administration, and the military brass and the civilian leaders that the President has appointed to run Iraq have taken their eye off the ball. They have lost focus on the most important thing over there and that is the supplying and protecting of our troops.

I would like to see some answers. We apparently are not getting them. I hope tonight, if some people from some of the top brass of the Pentagon are watching, some people at the White House, maybe they can give us answers. I asked Mr. Bremer at committee questions about this. We do not seem to be getting any answers there.

I am nonplussed by it all, Mr. Speaker. I hope that this administration can do better so that our troops have safe drinking water, our troops have the body armor they need, our troops have the antibiotics they need.

We can simplify this reconstruction of Iraq so we are not wasting huge amounts of money, so we are not doing it through unbid private contracts, so that we are doing it through a competitive bid process so Americans can feel more comfortable that our troops can be safer so that this operation will work better.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. GARRETT of New Jersey). Before you continue, taking all comments into consideration, the Chair will remind all Members that it is not in order to accuse the Vice President or President of unethical behavior or corruption either directly or by innuendo.

Mr. BROWN of Ohio. Mr. Speaker, if I may, may I say the actions of the ad-

ministration are corrupt and incompetent?

The SPEAKER pro tempore. A Member may criticize the administration, but may not personally accuse the President or Vice President of corruption.

Mr. BROWN of Ohio. Mr. Speaker, I mean, it is not the Clinton administration, although we still seem to hear that from time to time. It is the Bush administration. May I say that?

The SPEAKER pro tempore. It is appropriate to discuss "the administration" but Members may not make personal accusations against the President or Vice President.

Mr. BROWN of Ohio. Mr. Speaker, I appreciate that.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman from Ohio (Mr. BROWN) for his comments. I know we want to emphasize these no-bid contracts, but you are bringing up the fact that this money that is being spent on these no-bid contracts, at the same time is depriving money that could be spent for the troops, I think is very well-placed.

Many of my constituents talk about how so much of this reconstruction effort goes to Iraq and so little of the same type of thing is being done here in the United States.

Mr. Speaker, I yield to the gentlewoman from Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, I thank the gentleman from New Jersey (Mr. PALLONE) for gathering us here tonight to talk about an issue that is very much in the minds of the American people. Where is our \$87 billion going?

And I do not know if the gentleman has seen Newsweek this week. The cover story is "Bush's \$87 Billion Mess. Special Investigation. Waste, Chaos and Cronyism: The Real Cost of Rebuilding Iraq." And I thought I would just refer to some of this.

Now, I know that the President has cautioned us not to believe what we read and that we should not emphasize the negative, but we should look for the positive and that you cannot believe all these negative news reports. And I do not know if he is necessarily questioning this Newsweek investigative report, but I thought, in any case, that because it is a reputable magazine that I might refer to some of the findings here.

The headline of the story is "The \$87 Billion Money Pit. It is the boldest reconstruction project since the Marshall Plan. And we cannot afford to fail. But where are the billions really going," is the question that it asks.

So let me just read a little bit of this. This says, "No doubt, reconstructing postwar Iraq is a brutally hard and hazardous task. Sabotage has already destroyed some 700 power transmission towers. But George W. Bush, who has staked his Nation's credibility and perhaps his Presidency on success in Iraq, has no choice but to set things right."

"Iraqis like to point out that after the 1991 war, Saddam restored the badly destroyed electricity grid in only 3 months. Some 6 months after Bush declared an end to major hostilities, a much more ambitious and costly American effort has yet to get to that point. It is only in recent weeks that the coalition amped up the power generation level that Saddam achieved last March; 4400 megawatts for the country, though it has since dropped back."

I just wanted to emphasize that point because we are told now that electricity is at the level that Saddam had but, in fact, it has dropped back.

"True, Saddam did not have a guerrilla war to contend with, and his power infrastructure was in much better shape than the Americans found it, but he also had fewer resources.

"Six months ago the administration decided to cut corners on normal bidding procedures and hand over large contracts to defense contractors like Bechtel and Halliburton on a limited bid or no-bid basis. It bypassed the Iraqis and didn't worry much about accountability to Congress. The plan was for 'blitzkrieg' reconstruction. But by sacrificing accountability for speed," Newsweek says, "America is not achieving either very well right now. For months no one has seemed to be fully in charge of postwar planning. There has been so little transparency that even at the White House, 'it was almost impossible to get a sense of what was happening,' on the power problems, says one official privy to the discussions.

"Numerous allegations of overspending, favoritism and corruption have surfaced. Halliburton, a major defense contractor once run by Vice President Dick Cheney," as earlier statements indicated, he still is benefiting from his relationship to Halliburton, "Halliburton has been accused of gouging prices on imported fuel, charging \$1.59 a gallon while the Iraqis 'get up to speed,' when the Iraqi national oil company says it can now buy it at no more than 98 cents a gallon. The difference is about \$300 million. Cronies of Iraqi exile leader Ahmad Chalabi, Newsweek has learned, were recently awarded a large chunk of a major contract for mobile telecommunications networks."

So it is a really interesting article. There is a lot in here. But one of the other things that it has is some charts. "What critics say. Waste not." This is in a chart. It says, "Congressional Democrats are raising eyebrows at price tags." Some examples: Repair. U.S. engineers estimated \$15 million for repairs on a cement plant in northern Iraq. The project was given to local Iraqis instead. Remember it was \$15 million was the estimate from the U.S. contractors. It was done by local Iraqis for \$80,000. \$15 million; \$80,000.

Rebuild. Big business contractors refurbished 20 police stations in Basra for \$25 million. An Iraqi official contends locals could have done it for \$5 million.

Also talks about Iraqis versus U.S. jobs, local labor. It is cheaper to hire Iraqis for reconstruction projects. Unequal pay. Non-Iraqi security guards make \$1,200 a day working for U.S. companies in Iraq, 144 times that of Iraqi guards who make \$250 a month. So for a British or U.S. security guard \$1,200 per day, an Iraqi security guard, \$8.33 a day.

Then it talks about the Iraq's luxury items. These are some of the expenditures. I think we actually may have cut some of them out, but these were the proposals. They are talking about a kind of feeding frenzy going on for contractors in Iraq. At the same time, and I am glad that the gentleman from Ohio pointed out a number of things that are being shortchanged, like body armor for our soldiers, but a proposal that we may be still going through in our \$87 billion, I am not sure, \$33,000 per pickup truck, or \$2.64 million for 80 vehicles, \$9 million to create zip codes, a numbered postal system throughout the country. \$6,000 per radio or phone. That added up to \$3.6 million. \$50,000 per prison bed, way more than we spend here in the United States. \$400 million for two new 4,000-bed prisons. And it goes on and on.

A couple more things I just wanted to point out, if I could, there is a section called waste, fraud, and abuse. It says American companies are barred by law from paying bribes or taking kickbacks abroad, but Iraq is still largely a lawless place. And one company director for a British firm doing business in Baghdad said that makes all the difference. Quote, "I have never seen corruption like this by expatriate businessmen. It is like a feeding frenzy," he says. One prominent Iraqi businessman said he was told he had to raise his bid by \$750,000 to get a major contract so long as he kicked back that amount to the contractors rep. The businessman refused to identify the contractor, but did say, quote, "No Iraqi would ask for a bribe that big," unquote.

At the very least, Americans have a right to know exactly what is going on, how is our money being spent, a completely transparent process. Because if we are going to send our young men and women over there who put their lives at risk every day without the proper equipment that could save their lives, and all of these billions and billions of dollars are going to private contractors who are responsible for taking care of them and providing what is needed in Iraq in some cases, that is part of what we hire some contractors for, then for heaven's sakes, we want accounting of that.

If it is too much, then we have got to cut that price. I mean, \$87 billion, no wonder the American people had sticker shock and no wonder when they read stories like this they are saying why should we be handing this check to this administration when they cannot even be trusted to take care of our young men and women in uniform but they are more than taking care of and pad-

ding the pockets of their good friends at Halliburton and Bechtel and still not getting the job done and still not providing the electricity and still not making Iraq more safe for the Iraqi people yet.

Now that may be happening but at what cost to the American people. We just want to know. And I thank the gentleman from New Jersey (Mr. PALLONE) for letting us ask that question.

Mr. PALLONE. Well, again, I thank the gentlewoman from Illinois (Ms. SCHAKOWSKY) but I just think most Americans will be shocked to find out that there is no accountability, that there is all these no-bid contracts. The kinds of things that you are asking for would seem to be basic. It is essentially the right to know what we are spending our money on.

And, again, I just think it is outrageous that we do not have the accountability, that we have the no-bid contracts. Every effort, as the gentlewoman from Ohio (Ms. KAPTUR) said, to try to include that in this supplemental was basically rejected by the Republican leadership.

Mr. Speaker, I yield to the gentleman from Florida (Mr. MEEK.)

□ 2300

Mr. MEEK of Florida. Mr. Speaker, I thank the gentleman from New Jersey (Mr. PALLONE). I want to commend the gentleman and all of the other Members who have taken time from their schedule, their late evening schedule, to be here to share with the American people about what is going on in this government.

We are not being here tonight to be accusatory and say, well, since we are Monday morning quarterbacks, the administration likes to call any Member of Congress that questions their activities critics. I think it is important that the administration understands that this is a democracy. This is not kingdom politics. We want to come together as a people's government to be able to bring about the questions that need to be answered; and, hopefully, some outcome measures will happen.

I will state that what is very disturbing is national publications that are out saying, "\$87 Billion Mess." Other publications, newspapers are talking about the waste in Iraq. Meanwhile, on the other side of the aisle, we have individuals that are trying to find other ways to be deficit hawks but not really paying attention to what the President and others are doing as it relates to this administration's mis-handling of these dollars.

We talk about troop protection. We cannot even do that correctly. And I am not talking about individuals in uniform. I am talking about individuals in shirts and ties that are making bad decisions here today.

Halliburton. We can go into tomorrow morning if the rules would allow us to be able to do so talking about the mismanagement and the no-bid contracts that have been given.

I watch some of the Sunday shows, and I cannot believe the Secretary of State. I cannot believe the Vice President of the United States. I cannot believe Condoleezza Rice. I cannot believe what the President is saying at the press conference as though he says, well, we are going to bid. Well, they are not bidding now. They have not bid in the past, and in my opinion we are not going to have good bidding and good competition in the future. I do not care what the administration may say. I believe that this will continue.

I know the gentleman's kids are asleep right now. My kids are asleep. They have to go to school tomorrow, but we need to go in their bedroom and take a real good look at them like we usually do before we go to bed. I think any parent or grandparent can really appreciate what I am talking about.

I think we need to understand this \$87 billion and then seeing the waste and seeing the loose contracting requirement that this administration has allowed to go on in Iraq. This \$87 billion on top of the billions of dollars that we gave earlier this year comes out to about \$166 billion, which feeds not only into the deficit beyond \$400 trillion, but I think also it is important that we remember that it is \$28 million dollars a week in interest.

Now, I have said that before on the floor and I think it is important while you are looking at your children and grandchildren, looking at this deficit. I do not know, maybe the gentleman can share, I believe the Democrats have come to the floor to just get a child tax credit for individuals that work every day that make under \$26,000 a year, and we cannot get the other side to allow those individuals to receive their child tax credit.

Mr. PALLONE. Mr. Speaker, we have brought up a motion on a weekly bases to instruct the conferees to bring up that child tax credit for the lower-income Americans, and the conference has not even met. They have not even had a meeting to discuss trying to bring the two Houses together. They have no intention, Republicans have no intention of doing anything on the issue.

Mr. MEEK of Florida. Can I also say that the gentleman from Texas (Mr. DELAY) has said that it is not going to happen, the majority leader of this House.

Mr. PALLONE. Absolutely that is what he said.

Mr. MEEK of Florida. That is quite disturbing. We see some of the cost overruns that have been pointed out here tonight and this is factual. This is not fiction. This is not something that one may say, well, they are just Democrats that are upset. There are Republicans that are upset, but they are not going to say anything about it because they fear the administration and that is going to happen. And I think it is important that we raise these questions.

I think it is important on behalf of the children of this country, on behalf

of veterans, on behalf of those individuals that stood in the line of fire for us to be able to have the freedom to speak here tonight on this floor and this free country. We cannot allow this to continue to happen, and I believe that the American people are going to understand this sooner rather than later.

I want to also say that I think it is important, Mr. Speaker, it is important that we continue to share these facts with the American people. And I want the American people to ask their Members of Congress, Democrat and Republican, Members of the other body also, ask them about the accountability of the \$87 billion, ask them about the fact that we are not loaning dollars, but we are granting dollars.

I am from south Florida, and I have a city in my district, North Miami Beach, a well-run, well-operated city; but they are having budget problems. They are having to cut programs on behalf of homeland security, doing what this government asked them to do, protect the power plant, protect the water plant; but meanwhile, they are looking for some help from this Federal Government. And they are not receiving it. And we are giving, not loaning, giving dollars.

There are students right now that are studying at many of our institutions of higher learning right now, not only studying to try to pass the exam at the end of the week or at the beginning of next week; they are also trying to figure out how they are going to pay back their student loans with interest. And they are giving these dollars away to companies that are watching the New York Stock Exchange and NASDAQ for their numbers for their investors. I will not call it criminal, but it is close to it to even look at this.

I think it is important that we continue to take time out, and I want to commend the gentleman from New Jersey (Mr. PALLONE) and the other Members that have joined us here tonight in bringing this to the attention of the American people. Think about it, \$128 million a week in interest, and then on top of that, mismanagement and no bid contracts.

I join with my other colleagues saying, if this is progress, I do not even know if we can take any more of it, financially, fiscally, and also on behalf of protecting our troops.

Mr. PALLONE. Mr. Speaker, I think it is very important, as the gentleman brought out and others have tonight, what the consequences are of these actions of these no-bid contracts and driving up costs. It means that we do not have money for other programs, whether it is for the troops as the gentleman from Ohio (Mr. BROWN) mentioned, or it is for other domestic concerns here at home. There is no question about it, the deficit is, what, 4 or \$500 billion now? A few years ago we had no deficit in the last few years of the Clinton administration. So there is a huge cost for taxpayers and to the future of the country that is being in-

curred here in order to pad these contracts.

I just wanted to end tonight by pointing out that although we are concentrating on Halliburton and the no-bid contracts this evening, there are a lot of other ways that Republicans are making profits on the reconstruction effort in Iraq. Last month the New York Times had a front page story entitled "Washington Insiders, New Firm Consults on Contracts in Iraq." And according to this September 30 article, a group of businessmen linked by their close ties to President Bush, his family and his administration has set up a consulting firm to advise companies that want to do business in Iraq, including those who are seeking pieces of taxpayer-financed reconstruction projects. This firm, called New Bridge Strategies, is headed by Joe Albaugh, President Bush's campaign manager in 2000 and director of the Federal Emergency Management Agency until last March.

The article states that other directors included Edward Rogers, Jr., and Lanny Griffith, who were both assistants to the first President George Bush and now have close ties to the White House.

The company's Web site. Which you can look up yourself says, "The opportunities evolving in Iraq today are of such an unprecedented nature and scope that no other existing firm has the necessary skills and experience to be effective both in Washington, D.C. and on the ground in Iraq."

So not only is this administration helping CHENEY'S friends at Halliburton, the administration is also helping some of its own, giving them a leg up, working with other future contractors in Iraq.

If you are a contractor, think about it, why would you not want to go to these guys? They can probably tell you who you can get a contract from where you do not have to disclose where you are spending the money. It has got to be music to the President's corporate friends' ears. Unfortunately, it is also another major hit to American taxpayers. This is another way of padding the bills.

You do not hear the Republican Waste Watchers that come here frequently and talk about the waste of the Federal Government, they do not talk about this.

Mr. Speaker, throughout the debate on the Iraq supplemental, Democrats have attempted to shed some light on these issues by offering a substitute that required a detailed report from the President describing how funds in the previous war supplemental have been spent. It also required the notification of noncompetitive contracting and tightened public disclosure requirements.

So we have been out there actually offering the substitute to the supplemental that would get rid of these no-bid contracts; but, of course, it did not pass. The Republicans voted against it.

So I think the only thing we can do is do what we are doing tonight. Ask the tough questions. With the extension of this Halliburton contract today, I do not think we can wait any longer to see how this company is spending the taxpayers' money.

I naively thought that the contract was going to end today and it would not be extended; and when I read that it was going to be extended, I just could not believe it. The process continues. And I think we just have to be here every night or as often as we can to point out how outrageous this is and what the administration is doing.

□ 2310

Mr. Speaker, I yield to the gentleman from Florida (Mr. MEEK).

Mr. MEEK of Florida. Mr. Speaker, just really when we think about it, we are making millionaires basically. We are making millionaires out of Iraq, not only out of the supplemental but out of the Iraq appropriations as it relates to private contracting. That is what is happening.

So we hear speeches from the administration how we want to empower Iraqis and how we want them to take control of their own government and their own economy, and the reality is it is not happening. I do not care if an individual is an Independent, a Republican, a Democrat. I am talking about an American voter. That is very simple. Individuals who have set up shop, not only here in the Beltway with higher connections in the administration, to be able to say I will give you the edge, I do not think there is a lobbying firm set up to help Iraqis get the edge.

So I cannot help but question that, and I think that as we continue to talk about this and as the media continues to reveal what we are talking about here tonight, once again, I just want to clarify. These are not just proud, card-carrying Democrats who say, hey, let us take a shot at the Republicans. We are not talking about that. We are talking about facts, not fiction. We are talking about kids and our grandchildren having to pay for what we are doing here today.

This Congress did not even have the gumption to say, okay, if we believe that we have to send an additional \$87 billion in a supplemental of borrowed money, that we will find a way to be able to pay for today, that it will not be on the backs of our grandchildren and our children. That did not happen, and right now, the House and the other body will come together in some sort of conference committee, and I am not a betting person, but I can pretty much guess that we are going to end up giving Iraq the money, and we are going to have shortfalls.

Every Member of this body will end up having fewer dollars to be able to take back to their Districts to be able to build our economy, to build an economy that will create jobs, not an economy that individuals will just say,

okay, I need to tuck this away and put it away, but individuals will actually be hired, that jobs will be looking for people and people will not have to look for jobs.

Mr. PALLONE. Mr. Speaker, I just hope that somehow our bringing this to light will make a difference. I know it will not in that \$87 billion supplemental because they are going to bring that back tomorrow or the next day, and all these no-bid contracts and the other things we are talking about are going to continue, but I think if we continue to bring it to light, ultimately there will be some changes.

So I want to thank the gentleman again and all my colleagues for being here tonight.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CASE (at the request of Ms. PELOSI) for today after 5:00 p.m. and the balance of the week on account of official business in the Middle East with a congressional delegation.

Mr. ORTIZ (at the request of Ms. PELOSI) for today after 4:00 p.m. on account of official business.

Mr. AKIN (at the request of Mr. DELAY) for today after 5:00 p.m. and the balance of the week on account of leading a congressional delegation to Iraq.

Mr. MCCOTTER (at the request of Mr. DELAY) for today after 5:00 p.m. and the balance of the week on account of traveling with an official delegation to inspect reconstruction efforts in Iraq.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. DEFAZIO, for 5 minutes, today.

Mr. BROWN of Ohio, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. ROSS, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. MILLENDER-MCDONALD, for 5 minutes, today.

Mr. MCDERMOTT, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Ms. CORRINE BROWN of Florida, for 5 minutes, today.

Mrs. MALONEY, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

(The following Members (at the request of Mr. TERRY) to revise and extend their remarks and include extraneous material:)

Mr. PENCE, for 5 minutes, today.

Mr. BURTON of Indiana, for 5 minutes, November 5.

Mr. TERRY, for 5 minutes, today.

Mr. SHUSTER, for 5 minutes, today.

ADJOURNMENT

Mr. MEEK of Florida. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 13 minutes p.m.), the House adjourned until tomorrow, Thursday, October 30, 2003, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

4973. A letter from the Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Additional Registration and Other Regulatory Relief for Commodity Pool Operators and Commodity Trading Advisors; Past Performance Issues (RIN: 3038-AB97) received October 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4974. A letter from the Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Denomination of Customer Funds and Location of Depositories (RIN: 3038-AB31) received October 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4975. A letter from the Under Secretary, Food, Nutrition, and Consumer Services, Department of Agriculture, transmitting the Department's final rule—Food Stamp Program: Non-Discretionary Quality Control Provisions of Title IV of Public Law 107-171 (RIN: 0584-AD31) received October 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4976. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Karnal Bunt; Regulated Areas [Docket No. 02-037-2] received October 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4977. A letter from the Administrator, Agricultural Marketing Service, Fruit and Vegetable Programs, Department of Agriculture, transmitting the Department's final rule—Irish Potatoes Grown in Certain Designated Counties in Idaho, and Malheur County, Oregon; Increased Assessment Rate [Docket No. FV03-945-1 FR] received October 20, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4978. A letter from the Deputy General Counsel, Office of Financial Assistance, Small Business Administration, transmitting the Administration's final rule—Business Loans and Development Company Loans (RIN: 3245-AE68) received October 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4979. A letter from the Secretary, Department of the Treasury, transmitting a six-month periodic report on the national emergency with respect to Sudan that was declared in Executive Order 13067 of November 3, 1997, as required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and pursuant to Executive Order 13313 of July 31, 2003; to the Committee on International Relations.

4980. A letter from the Assistant Secretary for Legislative Affairs, Department of State,