

Iraqi “reconstruction” as corporate looting

Bill Vann

13 December 2003

A by no means minor consideration in the Bush administration’s determination to keep those countries that opposed the US war out of the bidding on reconstruction contracts is based on the bottom line. These contracts have created unprecedented opportunities for select US corporations to reap massive profits and carry out the outright theft of moneys appropriated by the US government.

It is a defining feature of the criminal war in Iraq that a substantial layer of those who prepared and organized the unprovoked invasion are directly profiting off of these contracts and expect a far greater payoff from Iraq’s as yet untapped oil wealth.

Vice President Richard Cheney, for example, has a substantial interest in Halliburton Co., which he chaired for five years before being named vice president. He maintains a deferred compensation account of salary and stock options worth as much as \$1 million and receives six-figure annual payments from the energy conglomerate. Halliburton has been one of the principal beneficiaries of Iraqi reconstruction, given a no-bid contract that has a potential value of \$15.6 billion.

A Pentagon audit reported Thursday exposed one facet of Halliburton’s looting of reconstruction funds through massive price gouging on fuel imported into Iraq. The scam involved overcharging the US Army by \$1.09 a gallon on nearly 57 million gallons of gasoline trucked into the country.

The price paid by the US government to Halliburton for gasoline—\$2.64 a gallon—is twice what others in Iraq are paying for imported fuel.

Questions have been raised regarding a second contract covering logistical support for the military. The failure by Halliburton’s subsidiary, Kellogg, Brown & Root (KBR), to provide timely cost estimates on this work has led to increasing speculation that costs have likewise been grossly inflated.

The corporation has provided the government with

estimates on just 12 projects, with 69 others overdue. The no-bid contracts with the company are organized on a cost-plus basis, guaranteeing Halliburton a set profit over and above whatever it spends. Thus, the greater the inflation of the company’s costs, the greater its net gain.

Meanwhile, the Bechtel Group, another Republican-connected corporation that has secured over \$1 billion in contracts in Iraq, has come under fire for similar fraud. A US Army survey of the firm’s completion of a contract to reconstruct Iraqi schools found that in most cases the schools were left in a state of extreme disrepair, with little or nothing to show for the \$20,000 allocated for each of them.

Maj. Linda Scharf, of the 422nd Civil Affairs Battalion, told Tara Copp of the Scripps Howard News Service that she investigated complaints from teachers and principals over the school repairs and found that “reality turned out to be worse than the rumors.”

The Major said that the schools were found in deplorable condition, with filthy classrooms, desks and chairs broken, lacking electricity and with bathrooms that did not work.

“Because it’s an American company, they didn’t allow anyone to control them,” Scharf said. “Right now we’re looking at a company who is representing the United States, doing poor work in Iraq and allowed to get away with it.” She added that “because of the work in the schools, I have come out very vocal that I will do everything in my power to keep Bechtel out of my area.”

In addition to the \$18.7 billion being poured into corporate coffers in this manner under the guise of “reconstruction,” another \$30 billion out of the \$87 billion allocated by Congress for the US military occupation of Iraq and Afghanistan is being paid out in contracts to private companies. This covers everything from food service and base construction for US troops

to private security firms training Iraqi police or providing guards for personnel and installations.

By limiting the bidding on the 26 primary contracts for Iraqi reconstruction, those Bush administration officials—together with their cronies at Halliburton, Bechtel and other corporations—who are personally enriching themselves off this war hope to avoid both competition and potential scrutiny by firms and governments that are perceived as insufficiently loyal to US policy.

The controversy over the reconstruction contracts provides a revealing exposure of a US government in disarray. Dominated by corporate criminals and right-wing ideologues, it is attempting to exploit a mounting social catastrophe in Iraq for corporate profit while preparing a campaign of murderous repression in an attempt to squelch the growing resistance of the Iraqi people.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact