

STATEMENT OF JOHN F. TIERNEY

**Chairman, Subcommittee on National Security and Foreign Affairs
Committee on Oversight and Government Reform
U.S. House of Representatives**

**Hearing on “Investigation of Protection Payments for Safe Passage
Along the Afghan Supply Chain”**

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As Prepared for Distribution

In our constitutional democracy, Congress is charged with overseeing that the Executive Branch executes its responsibilities in accordance with law. Toward that end, this Congress has invested the Subcommittee on National Security and Foreign Affairs with a clear mandate to root out waste, fraud, and abuse, wherever we may find it.

Real oversight is a powerful tool for transparency and accountability, not for political grandstanding. Today’s report by the Majority staff represents the best tradition of constructive oversight. After six months, 31 witnesses, 25,000 documents, hundreds of hours of work, and, yes, even tea with one of the warlords at the heart of the investigation, the report provides the Subcommittee, the Congress, and the American people with significant insight into how the Department of Defense has managed the supply chain for U.S. troops in Afghanistan.

An investigation of this nature is akin to a puzzle. We have laboriously gathered the pieces on the table, fit together the edges, and filled in enough sections for us to understand what the picture will look like, but there are still portions to be completed. Though the puzzle is unfinished, and important questions remain, the portrait that emerges is of the Department of Defense’s systematic failure of management and oversight of contractors along the Afghan supply chain.

In the past eight years, the United States has placed an enormous burden on our brave men and women in uniform. The military has been asked to fight two grueling conflicts in some of the most difficult and hostile conditions imaginable. The challenge of supplying our troops in the field is simply staggering.

To absorb the strain of these burdens, the Department of Defense has increasingly looked to civilian contractors. In some cases, using contractors rather than military personnel makes sense. What initially was a cost-effective expediency, however, has morphed into an institutionalized reliance and a dangerous shortcut. As the Congressional Budget Office put it, the recent increase in the size and scope of contracted support in the battlefield has been “unprecedented in U.S. history.” In Afghanistan today, we have roughly 90,000 troops but reportedly use almost 110,000 contractors.

As the Department of Defense has increased its reliance on contractors in conflict zones, it has not sufficiently increased its capability and expertise to manage and oversee those contractors. At the Defense Contract Management Agency, for example, the civilian workforce fell by 60% from 1990 to 2006. The combination of a massive increase in contracting and insufficient management and oversight capability is a recipe for disaster.

In the case before us today, we have just such a disaster. The Department of Defense outsourced almost all operational components of the supply chain that provides our troops with the food, water, fuel, and equipment they need to do their job. Critically, despite laws and regulations mandating strict oversight of armed private security guards in conflict areas, the Department outsourced management responsibility for these hired gunmen to other contractors.

The Department put trucking contractors, many of which only had two or three employees in theater, in charge of procurement, management, and oversight of small armies of private security contractors. The trucking companies were then directed to send their subcontracted trucks and subcontracted security through many of the most dangerous locations on Earth while carrying millions of dollars of critical supplies for our troops.

According to the report, many in the Department of Defense apparently took comfort in these arrangements. The responsibility for security and risk of loss was on the contractors and their subcontractors. The prevailing attitude was that as long as the trucks got to their destination, don't rock the boat. When problems did arise, the response was to wrap the prime contractors on the knuckle and remind them to follow the terms of the contract.

To their credit, many of the contractors immediately recognized that they could not adequately procure, manage, or oversee mass-scale security services in Afghanistan, and they raised red flags. They told the military that they were being extorted, making massive "protection payments for safe passage," and possibly – quote – "funding the insurgency."

These extraordinary warnings fell on deaf ears. The contracting officers, contract managers, and relevant regulators consistently responded that the companies just needed to get the trucks to their destination. Contractors raised serious concerns about extortion payments funding warlords within 2 days of contract performance beginning, and yet here we are, 14 months later, and nothing has changed. I repeat: nothing has changed.

The benefits of outsourcing trucking and security on the supply chain are clear: no U.S. troops are put in harm's way and they can instead focus more of their energies on higher priority missions. This report helps us also weigh the costs of contracting out the supply chain.

In short, this contract has fueled warlordism, extortion, corruption, and maybe even funded the enemy. U.S. taxpayer dollars are feeding a protection racket in Afghanistan that would make Tony Soprano proud. Further consideration must now be given to determine

whether the Department of Defense's failure to properly manage or oversee its supply chain logistics contracts has undermined the overall U.S. mission.

In January of this year, Major General Michael Flynn, our principal military intelligence officer in Afghanistan, wrote a public report saying that the United States is largely blind, deaf, and dumb when it comes to understanding local politics, power dynamics, and economic structures within Afghanistan. I would add that the United States is also largely blind – sometimes willfully so – to the corrupting influences of our own contracting and development work. We must be self-aware of how our massive footprint in Afghanistan can affect such a sensitive environment.

Before I close, I want to address a recurring retort to this investigation. Some say: “this is just the way things are done in Afghanistan.” Others have compared the funding of warlords and possibly insurgents in Afghanistan to the “Anbar Awakening” in Iraq. There, General Petraeus used cash and other incentives to strategically co-opt insurgents. Blindly funding warlordism, extortion, and corruption in Afghanistan through multiple layers of invisible subcontracting is no “Anbar Awakening.” If the Department of Defense wants to co-opt warlords, strongmen, or insurgents with U.S. taxpayer dollars, military commanders in the field need to take direct responsibility for those relationships in order to ensure absolute accountability.

The Oversight Committee is charged by Congress with stewardship of American taxpayer dollars, and with rooting out waste, fraud, and abuse, wherever we may find it. With this report in hand, we intend to hold the Department of Defense accountable – to the Subcommittee, to the Congress, and to the American people.