

# Congress

## ■ WAXMAN'S LATEST CRUSADE

By GEORGE C. WILSON

**R**ep. Henry Waxman of California, ranking Democrat on the House Government Reform Committee and a bulldog the Bush White House loves to hate, has sunk his teeth into the Pentagon for the first time. He told *National Journal* that partly because no one else is willing to, he is taking on the world's biggest enterprise, the Defense Department, which now spends almost \$1 million a minute.

Never in his 28 years in Congress has the legislative branch been so soft on a president, Waxman lamented. In saying that, he conceded that his own Democratic Party seems to have lost its voice. But he expressed hope that Democrats will get it back once they pick a presidential candidate to challenge George W. Bush in 2004.

If it weren't for his success in tackling such other giant enterprises as Big Tobacco and the drug industry, Waxman's tilting at the Teflon-like Bush administration might be dismissed as another futile charge by a legislative Don Quixote. But the record shows that Waxman is no lightweight. He has a reputation for persistence, and he keeps asking questions until he gets what he considers satisfactory answers.

"I thought Henry's first name was 'Sonuvabitch,'" says Rep. George Miller, D-Calif., recalling his early days of working with Waxman in the House. Waxman, 63, is getting started on the Pentagon by asking Defense Secretary Donald Rumsfeld this question: Why are you giving Vice President Cheney's old company, Halliburton, a \$7 billion, no-bid contract to help rebuild Iraq when the oil and gas giant has worked in terrorist states and has run up big cost overruns on previous government contracts?

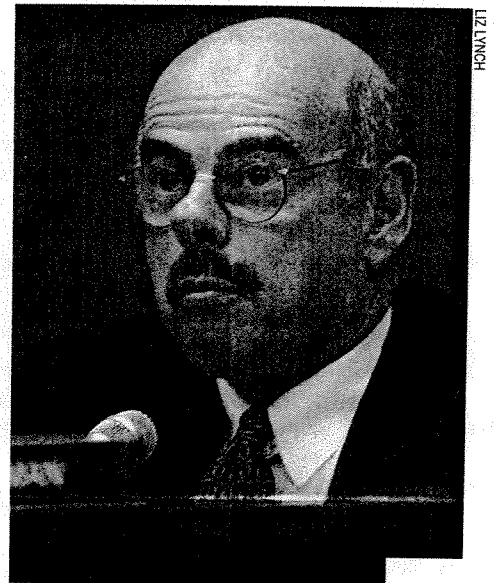
"I take the oversight responsibility of Congress seriously," said Waxman in

what tobacco executives and other witnesses who have appeared before him might consider an understatement. Giving Halliburton such a huge noncompetitive contract after it was found in the 1990s to be "routinely overcharging the government just struck me as a very odd situation, so I decided to get involved," Waxman said.

His interest grew during an exchange of letters with the Army Corps of Engineers about what was initially portrayed as a quickie contract for Halliburton to put out the oil fires in Iraq. "It was hard to get straight answers," Waxman said. "Whenever you find any area of government giving out only bits and pieces of information and not the full story, it makes you wonder what else they are hiding and [whether] they have reason to hide it. It turned out that the Halliburton contract wasn't short-term, but a \$7 billion, two-year contract on a cost-plus basis. And it wasn't just to put out oil fires, but also to turn the oil industry in Iraq."

Finally, Waxman said, Lt. Gen. Robert B. Flowers, chief of the Corps, told him in response to his drumbeat of questions, "Don't worry about it. Now that you're paying attention to it, we're going to have a bidding process to let out a contract. Maybe by the end of August, maybe later."

Flowers's April 8 letter to Waxman actually put it more formally, stating that Kellogg Brown & Root Services, a Halliburton subsidiary, had developed the contingency plans to put out Iraqi oil fires and was the only contractor that could implement them on the "extremely short notice" the U.S. Central Command provided. Later, "there will be ample opportunity for competition of the overall requirements to support the restoration of Iraq's oil infrastructure," Flowers wrote. He did confirm, however, that the ceiling cost of the Kellogg



**HENRY WAXMAN:** "It's clear right now that rather than having a system of government where you have checks and balances ... what we have is, in effect, a parliamentary form of government."

Brown & Root Services contract is \$7 billion, but that “the government will limit orders under the contract to those services necessary to support the mission in the near term.”

Flowers’s assurances have failed to satisfy Waxman, whom former Sen. Alan Simpson, R-Wyo., called “tougher than boiled owl.” Waxman has asked the General Accounting Office, Congress’s investigating arm, to review the Halliburton contracts for rebuilding Iraq. A few weeks ago, Comptroller General David Walker of the GAO told *National Journal* that he would not do that because focusing on a single contractor “has a partisan tint.” But Waxman met with Walker after that interview and received assurances that Halliburton’s Iraq contracts would be reviewed, along with those of other American companies, according to a Waxman spokesman.

In the Senate, Democratic presidential hopeful Joe Lieberman of Connecticut

could run the oil industry, the lawmaker said. And if an American company just has to get involved, why should it be Halliburton, which has done work for countries in Bush’s “axis of evil”? Waxman asked during the interview. He wrote a nine-page letter to Rumsfeld on April 30 posing those and other questions but had received no response as of press time.

“In press accounts and Securities and Exchange Commission filings,” wrote Waxman, “Halliburton and its subsidiaries have been linked to three nations known for their support of terrorism: Iran, Iraq, and Libya. Since at least the 1980s, federal laws have prohibited U.S. companies from doing business in one or more of these countries. Yet Halliburton appears to have sought to circumvent these restrictions by setting up subsidiaries in foreign countries and territories such as the Cayman Islands. These actions started as early as 1984. They appear to have continued during

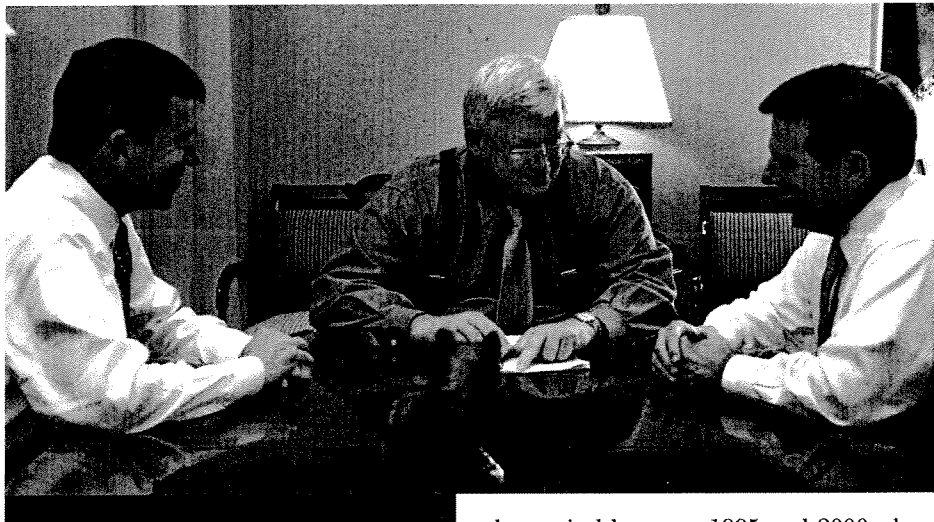
Besides the Iraqi oil contract, which “is worth up to \$7 billion, Halliburton was also one of a handful of companies secretly invited to bid on a U.S. Agency for International Development construction contract to rebuild Iraq, worth up to \$680 million,” Waxman wrote.

Waxman asked Rumsfeld whether the Bush administration was “aware of, and did it take into account, Halliburton’s work in Iran, Iraq, and Libya when it awarded contracts and task orders to the company and its subsidiaries?” When asked about Waxman’s comments and questions, chief Pentagon spokesperson Victoria Clarke on Wednesday said she could give no information, other than to say that Waxman’s letter is in the Pentagon’s “policy shop and they’re taking a look at it.”

Invited to respond to Waxman’s allegations, Halliburton spokesman Cathy Gist e-mailed *National Journal* a one-page reply that included these statements: “Halliburton remains committed to assist in the rebuilding and restoration of Iraq to help restore needed services for the Iraqi people. The company would comply with a bid request if we determined the opportunity was a good business decision. Where the United States government has mandated that United States companies refrain from commerce, we comply, often to the advantage of our international competitors.

“We do not always agree with policies or actions of governments in every place that we do business and make no excuses for their behaviors. Due to the long-term nature of our business and the inevitability of political and social change, it is neither prudent nor appropriate for our company to establish our own country-by-country foreign policy. The activities of Halliburton’s subsidiaries in Iran are very limited” and “are staffed and managed by non-U.S. personnel. The company believes that the operations of its subsidiaries in Iran are in full compliance with U.S. laws.”

Waxman conceded in the interview that he is outgunned by the Republicans in the White House and Congress as he digs into the government’s contracts for rebuilding Iraq. He said the Republican majority has shown no interest in holding hearings or issuing subpoenas to help him provide transparency to the American people. The Republicans do not want to remember that they insisted on putting almost everything President Clinton did under a microscope, he contended.



**HOUSE REPUBLICAN LEADERS:** “They’re not interested in any oversight over this administration,” charges Waxman. Pictured here are Majority Whip Roy Blunt, Speaker Dennis Hastert, and Majority Leader Tom DeLay.

has asked the Governmental Affairs Committee, on which he is the ranking Democrat, to hold hearings on the Kellogg Brown & Root contract. He cited Waxman’s disclosures in making that request.

Besides wanting to know who is doing what and for how much in Iraq, Waxman said he wants the Bush administration to explain why. “Why are we running the oil industry in Iraq when the president has said over and over again that the oil belongs to the Iraqi people?” Waxman asked. Iraq has its own companies that

the period between 1995 and 2000 when Vice President Cheney headed the company, and they are apparently ongoing even today....

“Despite its apparent connections with terrorist states,” Waxman continued, “Halliburton appears to be one of the main companies profiting from the war on terror. In May 2001, Brown & Root [a Halliburton subsidiary] was awarded a five-year, \$300 million contract to provide logistical support to the Navy. As of August 2002, the Navy had reportedly given Brown & Root \$53 million in work orders over the past 15 months, including \$37 million to build detention cells at Guantanamo Bay, Cuba, where terrorist suspects captured in Afghanistan are being held.”

"Unlike the Republicans when they were doing the oversight of the Clinton administration, I have been responsible and have not made any accusations" about the Bush administration's contracting for rebuilding Iraq. But he said whether Halliburton should get a \$7 billion, no-bid contract "is a very serious question because Halliburton was involved in Iraq when Saddam Hussein was in power, and [it] had subsidiaries doing business in Libya and Iran. Here's a company that now wants to benefit financially from the war on terrorism broadly speaking. Yet they seem to have been willing to profit from undermining it" through their past work in terrorist states. "Someone ought to ask whether this makes sense."

The congressman said few people realize how much influence international corporations such as Halliburton have over U.S. foreign policy. He said Karim Kawar, the Jordanian ambassador to Washington, had just left his office. During the visit, Kawar expressed the hope that American firms would hire Jordanian companies to help them rebuild Iraq. "They have to get subcontracts from Halliburton or Bechtel," Waxman said. "That gives these corporations enormous leverage not just to make money but to have other corporations, subcontractors, and even foreign governments beholden to them, indebted to them."

Reminded that the government rationale for giving such firms cost-plus, non-competitive contracts often has been that nobody else can do their kind of work, the battle-scarred investigator replied, "I want to know more than that. If you have a corporation that is getting money from hard-working taxpayers and the corporation overcharges, the taxpayers are overpaying. My objective in taking on the Pentagon, starting with the Halliburton contracts for Iraq, is to get the facts, have some accountability, do the oversight, make the government transparent."

"It's clear right now that rather than having a system of government where you have checks and balances—where the legislative branch does the oversight on the executive branch to keep it honest—what we have is, in effect, a parliamentary form of government. This is because the Republicans who are running the Congress, even though they were ridiculous in examining everything that the Clinton administration did in looking for scandal and making accusations without a factual basis for the charges, they're not interested in any over-

sight over this administration. I presume [it is] for fear they might find something."

"But I think it is important for Congress, as an institution, to do this oversight work, and that's what I'm trying to do as top Democrat on the Government Reform Committee." But he said he and fellow Democrats on that committee "can do very little," especially when compared to Dan Burton, R-Ind., who stepped down as chairman at the beginning of this year. Committee Republicans gave Burton "extraordi-



**LACKING A VOICE:** Waxman says that under former House Minority Leader Dick Gephardt, "I don't think the American people saw the Democrats as an alternative to the Republicans."

nary powers," such as the authority "to issue subpoenas unilaterally and to release confidential information unilaterally. These were powers that should never have been given to any one chairman. He regularly abused those powers and ran roughshod over the rights of individuals."

Asked why congressional oversight of the executive branch is the weakest he has seen since being elected in 1974, Waxman said that the House is now controlled by a few members at the top. "The Republicans have tried to run the operations of the House of Representatives in a centralized, top-down manner. The legislation is not developed by the committees; the committees are not doing the oversight, and the congressional leadership is not interested in taking on that responsibility of being independent of the executive branch to see how it operates."

Why are the Democrats lying so low? Where is their voice? "That is a legitimate criticism," Waxman replied. "One of the problems is that there had been a decision made by Dick Gephardt when he was [House] Democratic leader that we needed to pick up six seats in the House, and those seats were in districts that were moderate to conservative and that therefore we shouldn't say anything for which we would be criticized" in those districts.

"So [Gephardt] decided we would not ask for the [Bush] tax cuts to be stopped. He said, 'Let's support the Homeland Security agency—don't ask questions about it. Let's support the war in Iraq because we don't want to be accused of not being patriotic. Let's just get by this election, because people are going to recognize that they're not happy as the economy slows down and we're the alterna-

tive.' That strategy did not pay off, because I don't think the American people saw the Democrats as an alternative to the Republicans."

If the House Democrats did not find their voice under Gephardt, who is no longer their leader, why are they still voiceless? "I think the Democrats are developing a voice. The new leader, Nancy Pelosi, is very much attuned to that need, and [Senate Minority Leader] Tom Daschle, who was hamstrung by the fact that anytime he took a position that Zell Miller or any other Democrat" who might jump out of the party found objectionable, "that could cost him his one-vote majority in the Senate. He is somewhat liberated now because he doesn't have to worry about" losing that majority. "And we have the presidential campaigns," he said, which will produce a standard-bearer "and a voice for the Democratic Party."

In the meantime, said Waxman, "all I can do is keep asking the questions and try to get the information." ■

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