

## Republicans Undermining Capitalism? The Anti-Robin Hood Gang

by Stephen Elliott-Buckley - Tuesday, July 18, 2006

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The kind of open, ribald theft the GOP is perpetrating on American taxpayers for Iraqi and Katrina non-reconstruction [read the filth of it all below [or here](#)] is an insult to the dying Iraqis, the [now] minority of Iraqis who still support the US occupation, the suffering Katrina refugees, free market capitalists, and those who oppose government waste, military occupation, specious invasions, human rights and Geneva Convention violations, and crapping on ideals of democracy and equality.

That's quite the disparate group who should be united in one cause!

In a functioning democracy, the people would put a stop to it. In the above list, the only groups who **could** put a stop to it are free market capitalists and those opposing government waste. The trouble with them, however, is that their goal is to contribute more to the GOP in the future so they can get access to the pork.

This just proves my old strategy while playing Monopoly[tm]. Cheat. Cheat often. Steal whatever you can whenever you can. The goal of capitalism is monopoly. There are no rules in the game or in the real world. This is why there is no deafening outcry from the promoters of American liberal market economy. The last thing they wish to do is play by the rules--even their own.

In the end, [is ani difranco](#): "america is not a true democracy." [For that matter, neither is Canada: first past the post?]

Let's end the delusion.

*AlterNet*

*Iraq's Reconstruction a Boondoogle by Design*

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*If you were to gather together the finest, most creative minds and ask them to come up with a plan to outsource the reconstruction of Iraq that would guarantee shoddy work, overcharges, unfinished projects and overt graft, they would probably devise a system very similar to what U.S. taxpayers have enjoyed -- to the tune of about \$30 billion -- for the past three years.*

*In Baghdad, basics like electricity, sanitation and clean drinking water are at lower levels today than they were before the war. A poll last year found that after more than two years of work, only 30 percent of Iraqis had any idea that there was any kind of reconstruction effort at all.*

*The reconstruction of Iraq has become a boondoggle of historic proportions, but make no mistake: It's a boondoggle by design.*

*It's an elegant design that begins by shrinking the universe of possible contractors as far down as possible -- competition mercilessly drives firms to ever greater efficiency, and that won't do.*

*The administration first cut out those who didn't support the invasion. Paul Wolfowitz wrote that "limiting competition for prime contracts [to members of the 'Coalition of the Willing'] will encourage the expansion of international cooperation in Iraq and in future efforts." That knocked out around half of the world's largest construction firms.*

*But that's just the official policy. In reality, the contracting pool is much shallower. The business community in the United Kingdom -- a country that's taken about a thousand casualties in Iraq -- have been in a snit for two years about not getting their share. The biggest prime contract given to a British company was the \$430 million security gig awarded to Aegis, and the top recipient overall was AMEC, mostly in subcontracts to Fluor, a Texas company with a terrible record in Iraq but close ties to the GOP. At less than a billion dollars total, AMEC's take doesn't crack the top 15.*

*The Center for Public Integrity (CPI) found that 60 percent of the top 70 firms getting reconstruction contracts in Iraq -- the New York Times called them "among the politically best-connected in Washington" -- had high-level employees or board members who came out of the military or the government. The group donated almost \$50 million to PACs and candidates since 1990. Charles Lewis, then director of CPI, said that there's "a stench of political favoritism and cronyism surrounding the contracting process in both Iraq and Afghanistan."*

*How does a good Republican administration justify trashing the free market's competitive spirit when they spend so much time kowtowing to its wonders? They simply redefine "competition"; according to the Project on Government Oversight, a contract is considered "competitive" when "a few favored contractors" get a shot at it, or even when it's not bid out at all. There are government procurement rules that require open competition, but there are also plenty of loopholes.*

*USAID, one of the lead reconstruction agencies, used an exemption from the contracting rules to dole out its first eight big contracts secretly, finding that open bidding would impair the agency's "foreign assistance objectives."*

*Actually, it did follow standard procurement procedures -- it posted all the contract requirements and requested bids like they're supposed to. But, taking a page from "Catch-22," they only did it after the contracts were awarded. Steve Schooner, co-director of George Washington University's Government Procurement Law Program, told Congress: "Intentionally or unintentionally, USAID excluded any number of potentially qualified U.S. companies."*

*That gets to the heart of the most common defense of large, no-bid contracts: Only a handful of firms are capable of managing projects as large as those being handed out in Iraq. When Halliburton got busted for overcharging the Army \$61 million for gas deliveries from Kuwait on a large no-bid contract, the company released a statement saying it was the "only one that met the Army Corps of Engineers' specifications."*

*But that, too, is by design. The way many of these deals are structured -- as massive, "bundled," cost-plus contracts -- no firm on the planet has the staff and resources to do the job itself. So instead of awarding dozens of contracts on a competitive basis to firms that specialize in, say, road construction or building sewage treatment plants -- an approach that would give smaller, hungrier companies a shot at some of the action -- you take dozens of different jobs and lump them all together in one megaproject.*

*A good example was the mammoth "Iraq Infrastructure II" contract recently awarded to Bechtel Corp. (along with a few other well-connected corporate partners). It included "electric power systems, municipal water and sanitation services, road networks and rail systems, selected public buildings, ports and waterways, and airports."*

*That kind of big, bundled contract represents a perfectly circular argument. In the 1980s and 1990s, Big Business pushed a model of government that shifted a whole chunk of the public sector's functions their way, promising it would spur competition. That resulted in both an explosion of new contracting and steep cuts in the agency staff that oversee those contracts (up to 35 percent in the Bush years alone). With less staff, more projects get bundled into fewer super-sized contracts, and then we're told that there are only a couple of Beltway behemoths that can compete for them.*

*Now imagine for a moment that you wanted to hire a contractor to babysit your kids, reshingle the garage, teach your sister Swahili and sue a pesky neighbor who's just gotten on your last nerve. The chances are there wouldn't be a lot of firms qualified. But say a few contractors came to you and said they could handle the gig, but they wouldn't be able tell you how much it will cost or when the job will be finished. After a good laugh, you'd probably show them the door.*

*Your government, on the other hand, would send them to Iraq. Because that, in a nutshell, describes the IQID -- "Indefinite Quantity Indefinite Delivery" -- "contract vehicle" that's become so popular in Washington.*

*Once a company gets approved for work under an IQID contract, the firm doesn't have to compete for jobs (there's a cap on the total value). According to the Project on Government Oversight, small businesses "that would be able to perform many of the tasks" are "never given the opportunity to compete" for these jobs. That costs them, and the taxpayers, an estimated \$13 billion each year. The specifics of these contracts aren't made public -- not even members of Congress can get the details easily.*

*If a firm runs into problems -- say, if its jobsites keep getting blown up -- IQID contracts make it painless for the contractor to ditch a project before it's done. Parsons, a firm that's worked in the Middle East for years, was contracted to build 150 primary health clinics (PHCs) in Iraq, a project the special inspector general for Iraq reconstruction, Stuart Bowden, called "the most important program in the [country's] health sector."*

*After a surreal series of cost over-runs and missed deadlines, it turned out the company would only be able to finish 20 of the clinics. The Army Corps of Engineers, which contracted the job, blamed "contractor performance and lack of openness in addressing schedule and budget issues in a timely fashion." The inspector general noted that, while all the money had been paid, the remaining PHCs are half-built, and the equipment for all 150 clinics was delivered and is now sitting in a warehouse in Baghdad with questionable security. But there's no penalty built into the contract for unfinished work.*

*The 130 half-finished clinics will simply be removed from the contract -- "de-scoping" is a new word one picks up quickly when looking at the hundreds of aborted projects in Iraq.*

*Many of these contracts are "cost-plus" -- the firms get a percentage of what they dish out to their subcontractors. They effectively become bloated, well-connected corporate middlemen, hiring firms that are actually qualified to do each job (hopefully) and then doing what the government itself should be doing-- overseeing their performance.*

*But with a straight cut of the lucre, their only incentive is to stick it to the taxpayers. Reps. Henry Waxman, D-Calif., and John Dingell, D-Mich., were surprised to find that "Halliburton officials frequently told employees that the high prices charged by vendors were not a problem. One whistleblower said that a Halliburton motto was: 'Don't worry about price. It's cost-plus.'"*

*Competition is supposed to benefit consumers by weeding out the bad businesses -- the slackers, the cheats, the rip-off artists and other shoddy producers. But every single watchdog I've spoken with about contracting abuses has the same question: What, exactly, does a firm have to do to get itself kicked off that list of qualified companies? According to the Project on Government Oversight's database of bad contractors, the following firms (with their number of misconduct incidences) are still getting plum pieces of the pie: Lockheed-Martin, 84; Northrop Grumman, 36; Fluor, 15; Computer Sciences Corp./DynCorp, nine; Bechtel, six; and SAIC, five.*

*Some of the very few members of Congress who are troubled by all this released a report (PDF) that points to the cherry on the sundae: In addition to hiring contractors to write the terms of future contracts -- which they're then allowed to bid on -- the government is now hiring war profiteers to oversee the performance of their fellow contractors, including firms that they've partnered with on past projects.*

*It's perfect.*

*And the tab is being paid in blood as well as treasure. The inspector general says a "reconstruction gap" has developed between Iraqis' (and Americans') expectations and what's really getting done. One shopkeeper in Baghdad told the Washington Post: "It is easy for the Americans to say, 'We are doing reconstruction in Iraq,' and we hear that. But to make us believe it, they should show us where this reconstruction is. Maybe they are doing this reconstruction for them in the Green Zone. But this is not for the Iraqis."*

*It would be overstating the case to say that the reconstruction mess led directly to the insurgency, but it sure hasn't helped win any hearts and minds. As they sit in the stifling heat with just six hours of juice per day and watch American contractors swagger around their country, largely immune from criminal prosecution, over half of all Iraqis approve of attacks on U.S. personnel.*

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