

Report Links Iraq Deals to Bush Donations

By LARRY MARGASAK

WASHINGTON (AP) - Companies awarded \$8 billion in contracts to rebuild Iraq and Afghanistan have been major campaign donors to President Bush, and their executives have had important political and military connections, according to a study released Thursday.

The study of more than 70 U.S. companies and individual contractors turned up more than \$500,000 in donations to the president's 2000 campaign, more than they gave collectively to any other politician over the past dozen years.

The report was released by the Center for Public Integrity, a Washington-based research organization that produces investigative articles on special interests and ethics in government. Its staff includes journalists and researchers.

The Center concluded that most of the 10 largest contracts went to companies that employed former high-ranking government officials, or executives with close ties to members of Congress and even the agencies awarding their contracts.

Major contracts for Iraq and Afghanistan were awarded by the Bush administration without competitive bids, because agencies said competition would have taken too much time to meet urgent needs in both countries.

"No single agency supervised the contracting process for the government," Center executive director Charles Lewis said. "This situation alone shows how susceptible the contracting system is to waste, fraud and cronyism."

J. Edward Fox, an assistant administrator at the U.S. Agency for International Development, took issue with Lewis' statement and aspects of the report.

"It would ... be incorrect to suggest that there is no overall oversight of this process," he wrote the Center. "The USAID inspector general's review of all Iraq contracts which was requested by USAID Administrator Andrew S. Natsios on April 14th has shown that all Iraq contracts to date have been done in compliance" with federal regulations.

The top contract recipient was the Halliburton subsidiary KBR, with more than \$2.3 billion awarded to support the U.S. military and restore Iraq's oil industry.

Halliburton was headed by Vice President Dick Cheney before he resigned to run with Bush in 2000.

Halliburton's top executive, Dave Lesar, said Wednesday he was offended by criticism of the company's Iraq work but believed it was "less about Halliburton and more about external political issues."

"As a company uniquely qualified to take on this difficult assignment, we will continue to bring all of our global resources to bear at this critical time in the Middle East. We have served the military for over 50 years and have no intention of backing down at this point," he said.

Bechtel was second with a \$1 billion capital construction contract involving Iraq's

utilities, telecommunications, railroads, ports, schools, health care facilities, bridges, roads and airports.

The company's Internet site says, ``We do engage in the political process, as do most companies in the United States. We have legitimate policy interests and positions on matters before Congress, and we express them in many ways, including support for elected officials who support those positions.

``We do not expect or receive political favors or government contracts as a result of those contributions."`

The Center's analysis of contractor political donations showed:

The top 10 contractors contributed \$11 million to national political parties, candidates and political action committees since 1990.

Fourteen of the companies won contracts in both Iraq and Afghanistan. Those companies, combined, have given more than \$23 million in political contributions since 1990.

Most contractors, their political action committees and their employees have contributed just under \$49 million to national political campaigns and parties since that year.

In the same time period, contractor donations to Republican Party committees outpaced contributions to the Democrats, \$12.7 million to \$7.1 million.

Many of the companies with large contracts have important political connections.

Former Secretary of State George Shultz is a member of Bechtel's board of directors, although he has no management role, according to the company's Web site.

Riley Bechtel, the chairman and chief executive officer, was named early this year to the President's Export Council, which advises the president on programs to improve U.S. trade.

Jack Sheehan, senior vice president in Bechtel's petroleum and chemicals business, served on the Defense Policy Board, which advises the defense secretary on a variety of issues.

Other contractors also had connections. Among those cited by the Center:

David Kay, head of the Bush administration's search for weapons of mass destruction in Iraq, is a former vice president of Science Applications International Corp. He left the company in October 2002.

Christopher ``Ryan" Henry left the same company as a vice president in February 2003 to become principal deputy undersecretary of defense for policy.

Scott Spangler, principal owner of Chemonics International, was a senior U.S. Agency for International Development official during the first Bush administration. The company receives 90 percent of its business from USAID.

Sullivan Haave Associates Inc. was founded by Carol Haave, currently the deputy assistant secretary of defense for security and information operations.

The Center's findings are based, in part, on 73 Freedom of Information Act requests and an analysis of a federal contractor database.

On the Net:

Center for Public Integrity: <http://www.publicintegrity.org>

Bechtel: <http://www.bechtel.com>

Halliburton: <http://www.halliburton.com/>

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