TOM DAVIS, VIRGINIA,
CHAIRMAN

CHRISTOPHER SHAYS, CONNECTICUT
DAN BURTON, INDIANA
ILEANA ROS-LEHTINEN, FLORIDA
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
GIL GUTKNECHT, MINNESOTA
MARK E. SOUDER, INDIANA
STEVEN C. LATOURETTE, OHIO
TODD RUSSELL PLATTS, PENNSYLVANIA
CHRIS CANNON, UTAH
JOHN J. DUNCAN, JR., TENNESSEE
CANDICE MILLER, MICHIGAN
MICHAEL R. TURNER, OHIO
DARRELL ISSA, CALIFORNIA
VIRGINIA BROWN-WAITE, FLORIDA
JON C. PORTER, NEVADA
KENNY MARCHANT, TEXAS
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. McHENRY, NORTH CAROLINA
CHARLES W. DENT, PENNSYLVANIA
VIRGINIA FOXX, NORTH CAROLINA

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

MAJORITY (202) 225–5074
FACSIMILE (202) 225–3974
MINORITY (202) 225–5051
TTY (202) 225–6852

http://reform.house.gov

HENRY A. WAXMAN, CALIFORNIA,
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA
MAJOR R. OWENS, NEW YORK
EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
LINDA T. SANCHEZ, CALIFORNIA
C.A. DUTCH RUPPERSBERGER, MARYLAND
BRIAN HIGGINS, NEW YORK
ELEANOR HOLMES NORTON, DISTRICT OF COLUMBIA

BERNARD SANDERS, VERMONT,
INDEPENDENT

Opening Statement of Rep. Henry A. Waxman
Subcommittee on National Security Hearing,
"Iraq: Perceptions, Realities, and Cost to Complete"
October 18, 2005

Mr. Chairman, the efforts to rebuild Iraq are failing. The Administration has spent literally billions of taxpayer dollars on reconstruction in Iraq, yet progress has been limited or nonexistent and much of the money has been squandered.

Today, I am releasing a report that compares the Administration's rhetoric with the reality on the ground two and a half years after the invasion. The report finds that the Administration has failed to deliver on its promises in three of the most important reconstruction sectors in Iraq: oil, electricity, and water.

Today's testimony by Mr. Bowen, the Special Inspector General for Iraq Reconstruction, confirms these findings. He too has concluded that there is a great chasm between what the Administration has promised and what it has delivered. Mr. Bowen calls this the "Reconstruction Gap."

How big is the reconstruction gap? Here's what we found in our report.

In the oil sector, the Administration said two years ago that it would restore pre-war oil production levels so that Iraq could "finance its own reconstruction." But today, Iraq's oil production and export levels are still well below pre-war levels. We've spent over $2 billion, and the situation is actually worse than when we arrived. According to Mr. Bowen's testimony, Iraqis don't even expect to reach pre-war production levels by January 2006.

In the electricity sector, the Administration promised to increase Iraq's peak electricity output to 6,000 megawatts. Two years later — after spending over $4 billion — peak output remains stagnant at about 4,600 megawatts, nearly the same as it was before the war began. In fact, embassy officials in Baghdad told our staffs in August that "[w]e'll never meet demand."

In the water sector, the Administration promised that 90% of Iraqis would have access to clean, drinkable water. But despite spending over a billion dollars, we're nowhere near this goal. Today, a third of Iraqis still lack access to potable water, close to the pre-war conditions. And these figures, which come from the embassy in Baghdad, may be overly optimistic. The

Government Accountability Office asked for documentation of any progress in providing clean water to Iraqi families, but the Administration could provide none.

How did this happen? Why is the reconstruction failing?

In my view, there are several reasons. First, the Administration failed to provide a secure environment for the reconstruction. This has caused long delays and soaring security costs. GAO found that security costs exceed 25% of spending under some contracts, which forces billions of dollars to be diverted from reconstruction projects. The Administration argues that these security costs are unexpected, but they were warned repeatedly about the likelihood of a vicious, lengthy insurgency.

The Administration's flawed contracting approach has also contributed greatly to the reconstruction gap. Instead of maximizing competition, the Administration opted to award enormous cost-plus, monopoly contracts to favored contractors like Halliburton. Then it turned over key oversight responsibilities to other private contractors with blatant conflicts of interest.

The Administration's failures in the reconstruction effort have very real consequences. We're not building what needs to be built to meet the basic, everyday needs of Iraqis. Our nation's credibility is being further eroded. And American taxpayers are losing confidence in the entire enterprise.

Despite this horrendous record, the Bush Administration presses on, apparently in a state of denial. Vice President Cheney said just this month that progress in Iraq was "superb." This statement is totally disconnected from reality. It's not based on any real measurement of progress.

The first step toward reform must be transparency and accountability. That is why I hope that the report I am releasing today — and the testimony of the expert witnesses before us — will contribute to greater understanding of the problems crippling the reconstruction effort.

When Hurricane Katrina hit, the President and other senior Administration officials told the public that everything was under control and the response was proceeding smoothly. But because the hurricane struck a major American city and the pictures of devastation were broadcast on TV sets around the nation, the public could see how hollow these reassurances were.

The same disconnect between Administration assurances and reality is occurring in Iraq. But because the country is so far away — and security concerns make it hard for even intrepid journalists to cover the story — few people fully understand how disastrous the reconstruction effort has been.

This hearing is one step in providing a measure of accountability. I commend the Chairman for his efforts, and I look forward to the testimony of today's witnesses.