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Washington's desert rats

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THE WAR in Iraq is over. United States President George W Bush stops short of saying the V word. But he makes plain the United Nations (UN) has no role in post-war Iraqi administration, just as the UN had no business stopping Washington from invading the country. In his magnanimity, though, Bush gestures the UN should take the lead in Iraq's reconstruction. In fact, once the UN Security Council has deliberated, the World Bank and the International Monetary Fund, strongly influenced by Washington, will be directed to undertake rebuilding Iraq's economic and financial institutions and governance structures.

Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad thinks differently. He says if the US and Britain could destroy Iraq, then they should also rebuild it. Has Dr Mahathir a point? Yes. Unilateralist US militarism requires unilateral US (and British) responsibility. Time to own up. Thing is, even before the war-dust had settled, the US Agency for International Development (USAID) had begun to parcel out hefty reconstruction contracts for rebuilding Iraq. To whom? Why, Bush administration cronies, of course.

The US had vigorously slammed Asia for its cronyism that had underpinned the region's economic collapse in the late 1990s financial crises. Now it too looks adept in patronage politics. The US economy isn't about to collapse like Asia's had, though there's redolence of sinking into a second recession in as many years. Still, there's little difference between the Iraqi looters who stole from their own nation and the American invader who's getting ready to loot American taxpayers to pay a select group - politically-connected, filthy-rich American so-called entrepreneurs - after spilling Iraqi blood.

USAID will pay San Francisco-based Bechtel Group, a major construction conglomerate with widespread Middle East operations, as much as US\$ 680 million in - wait for it - 18 months for what the company, which last year posted US\$ 11.6 billion in revenues, describes as the work of 'humanitarian assistance, economic recovery and infrastructure'. That's not all. Tom Hash, president of Bechtel National, the subsidiary that'll rebuild Iraqi roads, railways, seaports and airports, power plants and water systems, says the company was 'honoured to have been selected through a competitive process'.

What competitive process? USAID, headed by Andrew Natsios, had invited just five US companies to bid for the project. It was never an open, let alone competitive, process. And for all the talk of cleaning up corporate America after a series of governance debacles, like Enron and WorldCom, even before Bush had a chance to warm his presidential throne, the White House began to play its own chary deck of cards. Transparency in Bush's America was never going to stand a chance.

Ask Parsons Corporation, the Pasadena-based construction company, which learnt of its runner-up bid to Bechtel not from USAID but the media. Now suspicions of cronyism are rife among analysts. Many say USAID had made the decision in favour of Bechtel on April 6, long before the last shot was fired in Baghdad. So why was Natsios still talking business with Parsons' executives as late as April 11?

There's a sewer of rats beneath Washington. Parsons Corporation had listed Kellogg Brown & Root, a subsidiary of Halliburton, of which US Vice-President Dick Cheney was chief executive until 2000, as the

subcontractor for the proposed Iraqi reconstruction projects. Parsons says it's uncertain if the controversy surrounding Halliburton and Cheney's connections to the company might have swayed USAID in its decision to award the project to Bechtel. It makes no difference. Because for all of Parson's private whining, it's still in the running to pick up Iraqi contracts through Kellogg Brown & Root.

The California-based CorpWatch says the Halliburton subsidiary 'stands to make a killing'. It'll probably gain a lucrative deal to tap Iraqi oil-well fires. Mostly, though, Kellogg Brown & Root is poised for the main area of US spending in post-war Iraq: maintenance of the military - building houses, barracks, water systems, and operating everything from heavy equipment to mail and laundry. Says CorpWatch analyst Pratap Chatterjee: 'The main money is not in reconstruction; the main money is in supporting the troops. Whoever gets that money will be running all the bases for an army that is not going to leave. Around 80 per cent of the budget goes to the military, and the rest on reconstruction.'

Bechtel's no different to Halliburton when it comes to political connections. One of its directors is George Schultz, who was secretary of state in the Ronald Reagan administration in the 1980s. Shultz also serves as Bechtel's senior counsellor. Before he became defense secretary in the Reagan administration, Caspar Weinberger had also served as a Bechtel senior executive. And this year, Bush appointed Bechtel's chief executive Riley Bechtel to head up the President's Export Council.

American hypocrisy runs even deeper among Republican Party heavyweights. The Washington-based Institute for Policy Studies cites a declassified US National Security cable which details a meeting Defense Secretary Donald Rumsfeld had held with deposed Iraqi tyrant Saddam Hussein in Baghdad in December 1983. Rumsfeld, then acting as Reagan's peace envoy to the Middle East, was doing the bidding for Bechtel to build an oil pipeline from inside Iraq to the port at Aqaba in Jordan. According to the cable, Saddam, in return, had asked Rumsfeld for US assurances against potential Israeli attacks on the pipeline.

Secretary of State Schultz didn't want to have anything to do with the discussions. Frantic exchanges transpired between some key players, and later cables show Bechtel hired Swiss businessman Bruce Rapport, who had close ties with Israel, to obtain Tel Aviv's guarantees. Meanwhile, Robert Wallach, an associate of Edwin Meese III - former White House counsel and attorney-general in the Reagan government, and who was investigated by a special prosecutor and subsequently resigned with facing charges - wrote to Meese suggesting that part of the proceeds from the oil pipeline project be given to the Labour Party, which had then ruled Israel.

Bechtel has had ties with Iraq dating back to the 1950s, when it was commissioned by the Iraqi Petroleum Company to build a 556-mile pipeline from the oilfields in Kirkuk, in northern Iraq, to the Baniyas port in Syria. Between 1983 and the early 1990s, Bechtel joined Turkish construction giant Enka to build the Bekme hydroelectric dam near Turkey's border, but controversy stopped the project. Bechtel now has some 1,000 personnel working on several major projects throughout the Middle East.

To cap off Washington's capers, the US Army Corps of Engineers mid April said it would request competitive bids on a new contract to fight continuing oilfield fires and rebuild Iraqi oilfields - a job that was first awarded to the giant Texas-based Halliburton in a separate contract without seeking any other bids. When Cheney was at Halliburton's helm, he had signed contracts with Iraq worth some US\$ 73 million to supply the country he helped decide to invade with oil production equipment and spare parts. There's more. During the presidential campaign in 2000, Cheney admitted to doing Halliburton business with Libya and Iran, albeit through

foreign subsidiaries, but he maintained it was 'firm policy' against trading with Iraq. Baloney.

UN records show Cheney's Halliburton had extensive business dealings, worth at least US\$ 30 million, with Saddam's Iraq, between 1997 and 2000. The trade with Baghdad was through French affiliates for Halliburton subsidiaries Dresser-Rand and Ingersoll-Dresser Pump Company. That's despite the US-backed UN economic sanctions against Iraq.

Cheney denied complicit knowledge of any of these dealings and in February 2000, sold his stake in both subsidiaries for a princely profit. Yet, Cheney is known to have long criticised unilateral US sanctions, which he says penalise American companies. He even pushed for a review of policy toward Iraq, Iran and Libya.

Ron Reagan Jr, son of former President Ronald Reagan, likens the White House not to a presidency but a regency. He describes the Bush administration as '[P]eople [who] are overly reaching, overly aggressive, overly secretive, and just plain corrupt. I don't trust these people. Imagine installing such a blank slate in the presidency of the United States. This is a regency, not a presidency.'

Back to Bechtel and USAID, the latter's name itself becomes an awful misnomer. Natsios, USAID's head, has links to Bechtel that go back a few years. He was chief executive of the Massachusetts Turnpike Authority between 2000 and 2001. Under his tutelage Bechtel, which had been awarded a US\$ 10.8 billion 'Big Dig' Boston tunnel contract - the biggest works project in American history - informed Natsios that the project's cost had blown out.

It said 'severe complications' had forced costs to rise - by a staggering US\$ 4 billion. What's more, it'll take another year or two to finish the tunnel, after being given the job in 1985. Then it was first costed at US\$ 3.5 billion. When criticised for awarding the Iraqi contract to Bechtel, Natsios said: 'If you need a surgeon, a lawn service, a real estate agent or a college, you seek out the names with the reputation for quality and the ability to get the job done.'

Natsios must have been in charitable mood when he awarded Iraqi contracts to a company with a lousy project management record. But it is Republican cronyism that speaks louder here than the earlier liberal hyperbole from the White House and its supporters, of the glory of American entrepreneurship. By most accounts, American cronyism is no better than anywhere else, including Asia. Perhaps, Norman Mailer said it best: that in the neo-con Bush administration, there's no doubting the confluence of the 'corporation, the military and ... investiture of the flag in mass spectator sports' for creating a 'pre-fascistic atmosphere in America'.

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