Shameless in Iraq

Good news out of Baghdad: the Program Management Office, which oversees the $18.4 billion in US reconstruction funds, has finally set a goal it can meet. Sure, electricity is below prewar levels, streets are rivers of sewage and more Iraqis have been fired than hired. But now the PMO has contracted with British mercenary firm Aegis to protect its employees from “assassination, kidnapping, injury and”—get this—“embarrassment.” I don’t know if Aegis will succeed in protecting PMO employees from violent attack, but embarrassment? I’d say mission already accomplished. The people in charge of rebuilding Iraq can’t be embarrassed, because clearly they have no shame.

In the run-up to the June 30 underhand (sorry, I can’t bring myself to call it a “handover”), US occupation powers have been unabashed in their efforts to steal money that is supposed to aid a war-ravaged people. The State Department has taken $184 million earmarked for drinking water projects and moved it to the budget for the lavish new US Embassy in Saddam’s former palace. Short $1 billion for the embassy, Deputy Secretary of State Richard Armitage said he might have to “rob from Peter in my fiefdom to pay Paul.” In fact, he is robbing Iraq’s people, who, according to a recent study by Public Citizen, are facing “massive outbreaks of cholera, diarrhea, nausea and kidney stones” from drinking contaminated water.

If occupation chief Paul Bremer and his staff were capable of embarrassment, they might be a little sheepish about having spent only $3.2 billion of the $18.4 billion Congress allotted—the reason the reconstruction is so disastrously behind schedule. At first, Bremer said the money would be spent by the time Iraq was sovereign, but apparently someone had a better idea: Parcel it out over five years so Ambassador John Negroponte can use it as leverage. With $15 billion outstanding, how likely will Iraq’s politicians be to refuse US demands for military bases and economic “reforms”?

Unwilling to let go of their own money, the shameless ones have had no qualms about dipping into funds belonging to Iraqis. After losing the fight to keep control of Iraq’s oil money after the underhand, occupation authorities grabbed $2.5 billion of those revenues and are now spending the money on projects that are supposedly already covered by US tax dollars.

But then, if financial scandals made you blush, the entire reconstruction of Iraq would be pretty mortifying. From the start, its architects rejected the idea that it should be a New Deal–style public works project for Iraqis to reclaim their country. Instead, it was treated as an ideological experiment in privatization. The dream was for multinational firms, mostly from the United States, to swoop in and dazzle the Iraqis with their speed and efficiency. Iraqis saw something else: desperately needed jobs going to Americans, Europeans and South Asians; roads crowded with trucks shipping in supplies produced in foreign plants, while Iraqi factories were not even supplied with emergency generators. As a result, the reconstruction was seen not as a recovery from war but as an extension of the occupation, a foreign invasion of a different sort. And so, as the resistance grew, the reconstruction itself became a prime target.

The contractors have responded by behaving even more like an invading army, building elaborate fortresses in the Green Zone and surrounding themselves with mercenaries. And being hated is expensive. According to the latest estimates, security costs are eating up 25 percent of reconstruction contracts—money not being spent on hospitals, water-treatment plants or telephone exchanges.

Meanwhile, insurance brokers selling sudden-death policies to contractors in Iraq have doubled their premiums, with insurance costs reaching 30 percent of payroll. That means many companies are spending half their budgets arming and insuring themselves against the people they are supposedly in Iraq to help. And according to an estimate by Charles Adwan of Transparency International, quoted on NPR’s Marketplace, “At least 20 percent of US spending in Iraq is lost to corruption.” How much is actually left over for reconstruction? Don’t do the math.

Rather than models of speed and efficiency, the contractors look more like overbilling, underperforming, lumbering beasts, barely able to move for fear of the hatred they have helped generate. The problem goes well beyond the latest reports of Halliburton drivers abandoning $85,000 trucks on the road because they don’t carry spare tires. Private contractors are also accused of playing leadership roles in the torture of prisoners at Abu Ghraib. A landmark class-action lawsuit filed by the Center for Constitutional Rights alleges that the Titan Corporation and CACI International conspired with US officials to “humiliate, torture and abuse persons” to increase demand for their “interrogation services.”

And then there’s Aegis, the company being paid $293 million to save the PMO from embarrassment. It turns out that Aegis’s CEO, Tim Spicer, has a bit of an embarrassing past himself. In the 1990s, he helped put down rebels and stage a military coup in Papua New Guinea and hatched a plan to break an arms embargo in Sierra Leone.

If Iraq’s occupiers were capable of feeling shame, they might have responded by imposing tough new regulations. Instead, Senate Republicans just defeated an attempt to bar private contractors from interrogating prisoners and also voted down a proposal to impose stiffer penalties on contractors who overbill. Meanwhile, the White House is also trying to get immunity from prosecution for US contractors in Iraq and has requested the exemption from the new Prime Minister, Iyad Allawi.

It seems likely that Allawi will agree, since he is, after all, a kind of US contractor himself. A former CIA spy, he is already threatening to declare martial law, while his Defense Minister says of resistance fighters, “We will cut off their hands, and we will behead them.” In a final feat of outsourcing, Iraqi governance has been subcontracted to even more brutal surrogates. Is this embarrassing, after an invasion to overthrow a dictatorship? Not at all—this is what the occupiers call “sovereignty.” The Aegis guys can relax: Embarrassment is not going to be an issue.
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