

Testimony of Representative Neil Abercrombie
On
House Resolution 1667
The War Profiteering Prevention Act of 2009
Before the House Committee on the Judiciary,
April 1, 2009

Chairman Conyers and Members of the Judiciary Committee:

I am grateful to the Committee for today's hearing on H.R. 1667, the War Profiteering Prevention Act of 2009, and other legislation which will begin to hold companies that accept and spend the public's money accountable to the public. I appreciate the opportunity to address the Committee on this matter.

Mr. Chairman, as you know, this bill is part of a larger package of legislation intended to deter the waste and abuse of public funds. It is absolutely essential to strengthen federal law so that private sector contractors who enter agreements with the government to provide goods and services will know that the misuse of public funds is a crime, and that violators will be prosecuted and punished. It is also absolutely essential to strengthen federal law so the public knows that such behavior will no longer be tolerated.

It is unfortunate that a relative few American companies have wreaked complete havoc on our country's economy and provoked national outrage with their singular focus on profits at the expense of market stability, the long-term benefit of their customers and any sense of business ethic.

But it didn't just happen last year, or just on Wall Street, or just in our domestic housing and financial markets. The same corrupt atmosphere followed our military forces overseas. The last Administration privatized logistical support for combat and reconstruction operations in Iraq and Afghanistan to an extent unprecedented in our history.

Wars have always been huge and highly profitable business, but never have we seen the pursuit of profit practiced with more cavalier disregard for the health and safety of our troops, the ultimate success of our reconstruction efforts or the continuing support the American public. In fact, some of our largest contractors have acted as if it was open season on the U.S. taxpayer.

At least ten companies eventually paid more than \$300 million in penalties to resolve allegations of bid rigging, fraud, gross overcharging, delivery of faulty military parts and environmental damage in Iraq.

Even more tragically, some of our soldiers have become casualties of shoddy work, simply because U.S. law has not fully brought these firms to account. There have been 16 reported deaths of American soldiers and 2 civilians, not from combat, but from electrocution.

The U.S. has spent more than \$50 billion to hire private contractors in Iraq to provide food, water, gasoline and other supplies, guard bases, drive trucks and many other activities in support of our troops and for reconstruction. Today, with an additional 21,000 troops planned for deployment to Afghanistan along with billions of reconstruction dollars, contractor accountability is an urgent need.

Cleaning up this mess and preventing its recurrence has been hampered by the fact that anti-fraud laws that can protect against the waste or theft of U.S. tax dollars in the United States are not as clearly applicable overseas. There has been ambiguity in legal jurisdiction.

An abundance of well-documented cases of contract fraud and abuse led to the introduction of the War Profiteering Prevention Act in 2007, to that bill's mark-up and hearing before this committee, and to its passage by the full House in October 2007 by a vote of 375-3.

However, the Bush Administration, through its testimony against the bill before your committee and on the floor of the House, viewed this legislation as an example of burdensome regulation over the free enterprise system. As a result, action in the Senate was blocked.

That bill— HR 400 — has now been reintroduced in the 111th Congress as HR 1667, the War Profiteering Prevention Act of 2009, and it is before you today.

The measure is very brief and very direct. It defines contract fraud; it specifies who will be covered by the law and where it will be in force; it establishes jurisdiction for the enforcement of the law and prosecution under it; and it specifies the penalties for violation of the law, in fines and possible imprisonment.

It is profoundly distressing that such laws are necessary, but this bill is critical to our national security interests; both for the survival of our own economy and accountability to the taxpayer, and the successful reconstruction of foreign nations gripped by extremism. We have seen what can happen without proper government oversight. We would be derelict in our responsibility to the public we serve if we did not take every step available to us to discourage such behavior in the future, and to punish those who violate the public trust.

Mr. Chairman, I appreciate today's House Judiciary Committee hearing on HR 1667, the War Profiteering Prevention Act of 2009, and on the wider problems of fraud and corruption. I look forward to the Committee's mark-up of this and other pieces of reform legislation, and their consideration by the full House.

I am grateful for the opportunity to testify and will do anything I can to assist the Committee in its deliberations.