

"I have never yet found a contractor who, if not watched, would not leave government holding the bag."

— SEN. HARRY S TRUMAN, 1941

Edited by Jim Hightower and Phillip Frazer ♦ Vol. 9 No. 6 ♦ June 2007

## There may be as many rent-a-troops in Iraq as U.S. military

# The Bushites have outsourced our government to their pals

**T**HE SPRAWLING \$43 BILLION HOMELAND SECURITY DEPARTMENT (HSD) is known chiefly for being the agency in charge of America's color-coded terrorist-threat alarm system ("Good morning, Americans. Today is Yellow. Be vigilant. Report all suspicious people.")

It's boogeyman nonsense, of course, doing absolutely nothing to make our country safe. But such falderal helps those in charge obscure HSD's real mission: to serve as a giant federal cookie jar for corporate America.

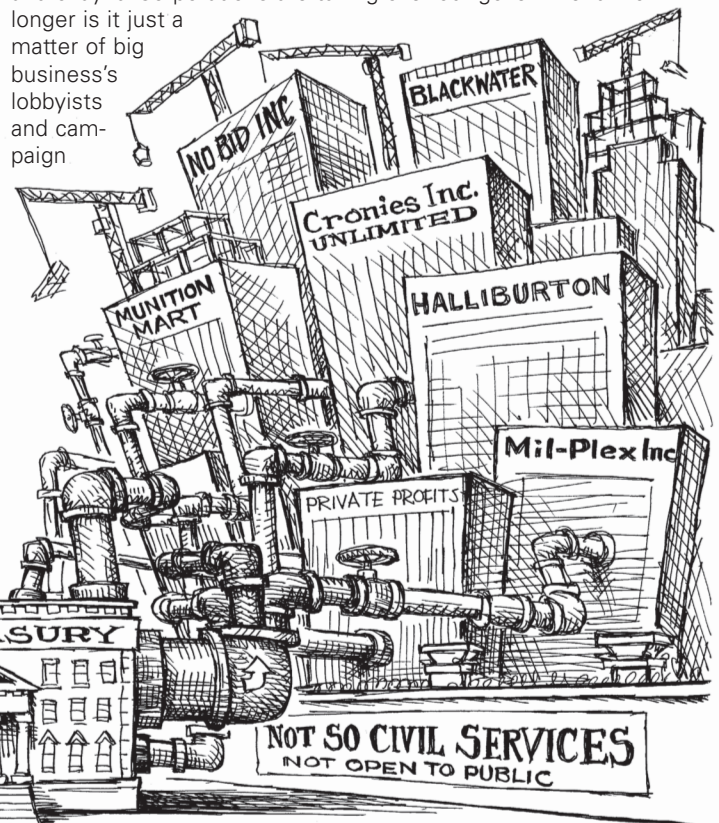
Go to HSD's website, and you'll find a prominent section called "Open For Business." There, on any given day, corporate shoppers can scroll through the hundreds of contracts and grants available to them. Just dip in and grab some cookies, each one worth from \$50,000 to more than \$80 million. Like the department's color codes, the vast majority of these projects do nothing to make our country safe. Instead, they are make-work studies, silly technologies, and useless systems that essentially serve as mediums for transferring billions of our tax dollars to a few corporate big shots.

Ever helpful to its clients, HSD also maintains a private-sector office, headed by an assistant secretary who is not a security expert but a former banker from JP Morgan Chase. This office provides concierge service for cookie grabbers. For example, it recently held a corporate seminar, entitled "The Business of Homeland Security," offering "tips, hints, and directions" on how to grab the latest contracts and grants. Lest you think that patriotism or even national security might be the motivating force behind these government-industry confabs, a Sikorsky Helicopters executive who attended the session bluntly explained why he was there:

"To us contractors, money is always a good thing."

### Government by corporation

A monumental shift has quietly and quickly been taking place in the way the public's business is done—and We the People have not even been informed about it, much less been asked to discuss and okay it. Corporations are taking over our government. No longer is it just a matter of big business's lobbyists and campaign



M. WUERKER

My father taught me about progressive values. Not by sitting me down to explain them, but by living them. He never called himself progressive, and actually thought of himself as conservative, but he had a strong faith in common folks, a populist distrust of big business and autocratic government, a deep belief in economic fairness, and a commitment to the notion of the common good. He summed up his political philosophy one day when he said to me, "Everybody does better when everybody does better."

I'm floating back to memories of my upbringing because of a short book I've just read about family values. Not the heavily publicized version that the right wing has used to try to divide America, but the real thing, the uniting values we learn as children. This book is called *The Seventeen Traditions*, and it's by Ralph Nader.

Nader has written many powerful books, but I think this little volume of 150 pages is his biggest book. It's about Ralph's personal reminiscences and appreciation of growing up in a small Connecticut town as a son of Lebanese immigrants, Nathra and Rose Nader. He says that he's often asked what forces shaped him, and his short answer is, "I had a lucky choice of parents."

This book confirms that response, offering rich vignettes organized around 17 traditions that Ralph's family maintained, including the family table, education and argument, simple enjoyments, independent thinking, patriotism, and civics. Nader's purpose is to inspire readers to reflect on and connect with the traditions of their own families, but his book also provides an opportunity to learn more about an extraordinary American.

donations perverting public policy. Now, politically connected corporations are also seizing day-to-day governmental operations for their own profit.

Since the Carter years, Washington has drifted toward more and more outsourcing of public functions to private contractors, but Bush Incorporated has turned that gradual increase into a full-blown, jet-powered rush to privatization. The shadowy and highly lucrative world of government contracting has boomed under George W, rising 86% since he's been in office and now totaling nearly \$400 billion a year. Get this: **There are now more people doing federal jobs under corporate contracts than there are people employed directly by the government.** In other words, in today's government, corporate servants outnumber civil servants.

Bush likes to claim that he has cut the federal bureaucracy. In fact, he's increased it, but most of the people working in his government wear corporate logos. *The New York Times* recently reported that contract employees are in practically every agency, not merely doing perfunctory chores, but sitting in on policy sessions and drawing up agency budgets. "Even government's online database for tracking contracts, the Federal Procurement Data System, has been outsourced," says the *Times*.

This phenomenal change is the product not of managerial rationality, but of nonsensical anti-government ideology. Like the Iraq invasion, which was on the international agenda of the rabid neocons from Day One of Bush's tenure, privatization has long been on the domestic agenda of the laissez-faire ideologues. A January 10, 2001, report from the right-wing Heritage Foundation provided the roadmap. Titled "Taking Charge of Federal Personnel," it showed the Bushites how to storm into office and seize control of every agency.

It stressed that they "must make appointment decisions based on loyalty first and expertise second," that "the whole governmental apparatus must be managed from this perspective," and that they should use "contracting out as a management strategy."

The official rationale for this privatization surge is that corporations are inherently more efficient than government and save the taxpayer oodles of money. Nice theory, but they aren't...and they haven't.

Start with this ideological assertion's most obvious flaw: By their very nature, corporations are loyal to their own bottom line, not to the country or to the common good. Any "efficiency" that they produce is derived from paying workers less (hardly a morale booster) and by taking shortcuts on the services or products they deliver. These "savings" are more than eaten up by the high profits, extravagant executive salaries, and other compensation that corporations demand—costs that are not incurred when government does the job.

Another flaw in this privatization push is that Bush & Company are unabashedly running it as a crony program. An analysis by the *Times* found that more than half of their outsourcing contracts are not open to competition. In essence, the Bushites choose the company and award the money without getting other bids. Prior to Bush, only 21% of federal contracts were awarded on a no-bid basis.

Also, if privatization is so good, why is there no ongoing analysis of the costs and quality of service being delivered? This is an administration that demands a cost-benefit analysis of even the smallest government regulation of business, yet it is throwing trillions of our tax dollars into the coffers of corporate contractors without monitoring whether the outsourcing is costing us more and producing less than if the work were done by government employees.

**These are our "savings" from privatization**

**A 2006 federal audit of \$1.7 billion in Pentagon purchases found that taxpayers were soaked for excessive fees from contractors and for tens of millions of dollars in waste. One reason was "poor contracting practices." Such as? The audit reports that 92% of the contracts were awarded without verifying that the contractors provided accurate cost estimates, and 96% of the work was inadequately monitored.**

Meanwhile, as the number of contracts has skyrocketed, the number of contract supervisors in federal agencies has remained the same, which means that the supposed overseers can't keep an eye on the performance of the profiteers. Whenever agencies or members of Congress do try to probe, the corporations simply claim that their financial and performance records are proprietary. While agencies are accountable to the public and subject to the Freedom of Information Act, corporate contractors are not.

Even when it's known in advance that a privatization project will be a rip-off, ideology has trumped integrity. Last fall, for example, Congress rubber-stamped a Bush initiative requiring the IRS to outsource the collection of certain taxes to three private debt collectors. The collection agencies will pocket about 24 cents of every dollar they recover. But if the IRS were simply allowed to hire more revenue agents, it could collect these same debts for only 3 cents of every dollar brought in. Over 10 years, the three companies expect to reap \$330 million from this deal.

**A corporatized war**

As we've learned during the last four-plus years, George W's Iraq war is run by a bumbling triumvirate composed of the White House, the Pentagon, and the Department of Halliburton.

This massive military contractor has done awfully well the past few years, thanks to its old CEO, "Buckshot" Cheney. Since the BushCheney regime took office, Halliburton's government contracts have increased by a stunning 600%, including more than \$10 billion in Pentagon contracts—many of them awarded without the fuss and muss of competitive bidding.

In return, Halliburton has delivered gas-price gouging, contaminated food and water, and a consis-

**DoSomething!**

Here are resources for more information and for action on the corporate takeover of our government.

- **Halliburton Watch**  
P.O. Box 14905  
Washington, DC 20036  
202-387-8030  
[www.halliburtonwatch.org](http://www.halliburtonwatch.org)
- **Iraq for Sale**, a documentary by Robert Greenwald  
[www.IraqforSale.org](http://www.IraqforSale.org)

- [www.AmericanContractorsInIraq.com](http://www.AmericanContractorsInIraq.com)  
An employees' website posting stories about the trials and tribulations of contract workers in Iraq.
- **Preserving the People's Post Office**  
by Christopher Shaw  
Essential Books, 2006

- **American Postal Workers Union**  
1300 L Street, NW  
Washington, DC 20005  
202-842-4200  
[www.apwu.org](http://www.apwu.org)
- **Public Citizen**  
1600 20th Street, NW  
Washington, DC 20009  
[www.citizen.org](http://www.citizen.org)

tent pattern of overcharges. It has been caught hiring Third World laborers to do its grunt work in Iraq, paying them as little as \$5 a day, and then billing Uncle Sam more than \$50 a day for each worker. In a February analysis of \$10 billion in waste and overcharges by various contractors in Iraq, federal investigators found Halliburton responsible for \$2.7 billion.

The corporation's 2006 profits were \$2,348,000,000, and its overall profits have increased over 368% since the Bushites have been in office. Meanwhile, Halliburton has now outsourced itself, announcing this year that its top executives will move from Houston to palatial new corporate headquarters in Dubai. But don't worry—the executives are keeping enough of a corporate presence in the good ol' USA to qualify for more government contracts.

People see Halliburton as the face of the privatized war in Iraq, but that's hardly the whole story. Indeed, there's a dirty little fact that Washington's warmongers don't tout: **Bush has put almost as many private contractors in the Iraq war as U.S. troops.**

Prior to Bush's "surge," there were about 140,000 American troops in Iraq and about 100,000 contract employees there. Contrast this to only 9,200 privatized troops sent to the Gulf war by George's daddy in 1991. And the 100,000 number doesn't count subcontractors, which would add an estimated 20,000 to 40,000 more private troops (no one knows for sure, since the Pentagon doesn't keep track of them). In addition, while the surge will put another 22,000 military troops in Iraq, it will also increase the private forces by an untold number.

Outfits like Halliburton, DynCorp, Blackwater, L-3, Titan, Custer Battles, Triple Canopy, and Wackenhut are reaping billions of our tax dollars doing military work that the Bush-Cheney Pentagon has outsourced. Not coincidentally, nearly all of these corporations are big-dollar donors to Republicans and/or are run by executives with tight GOP ties.

In part, corporate Iraq assignments provide support services—laundry, meals, delivery of water and gasoline, etc. But a huge part of the military function itself has been privatized in this war—such things as interrogating prisoners (including in the infamous Abu Ghraib prison), training the Iraqi army, guarding the Green Zone and the Baghdad airport, protecting military convoys, analyzing intelligence, and providing paramilitary security forces.

The personnel performing these tasks are not soldiers but hired hands, most of whom lack the training needed to make proper combat judgments, and they operate independently of the military command. "They shoot people, and someone else has to deal with the aftermath," says a frustrated U.S. officer.

They also get shot, bombed, maimed, and killed. Yet the Bushites, wanting to downplay the negatives, don't count such people in casualty reports. The official number of 3,400 troops killed in Iraq doesn't include any from Bush's contract army. How many of them have died? No one knows the real number, but the Labor Department, which tracks workers compensation claims, has silently recorded 917 contractor deaths. More than 12,000 have been wounded in battle or on the job. These casualties are a hidden toll of this awful war, another measure of its deceit and immorality.

## Contractors galore

Washington is under assault by hordes of corporations that are eagerly dicing up our government into digestible segments and then consuming them through either contracts or outright privatization. Here are some examples:

- **WALL STREET BANKING** conglomerates leer lasciviously at our Social Security Fund, eager to grab the hundreds of billions of dollars in fees they could assess for "managing" our accounts in a privatized system.
- **BUSH HAS REDUCED FEMA**, a once-proud and strong government responder to natural disasters, to a haven for political hacks hurling billions of dollars in no-bid contracts to Halliburton and its ilk for the rescue and rehab of New Orleans—only to see the money disappear and the wreckage remain.
- **WHEN THE PENTAGON DECREED** a few years ago that the esteemed Walter Reed Army Medical Center was to be substantially privatized, the treatment of wounded vets quickly deteriorated to scandalous levels. The politically connected IAP Worldwide Services company—run by two former Halliburton executives and boasting of having Dan Quayle on its board—was handed a \$120 million contract to manage the place (even though IAP had previously botched the delivery of ice to the Gulf Coast after Hurricane Katrina—a job that it was contracted to do by FEMA).
- **THE CURRENT COLLEGE-LOAN** scandal is not merely a matter of some financial-aid offices at universities taking gifts, consulting fees, and stock from big private lenders. Rather, the entire system is scandalous—it's an artifi-

## THE SWEATSHOP LOBBY

The corporate chorus is that all countries must rewrite their laws to let the benefits of globalization flow to everyone. But suddenly, the Chinese government is singing a different tune: Responding to public demand, China is proposing new laws that would lift the wages of workers and extend basic democratic rights to the workplace. "Oh, good gracious, no!" Wal-Mart, Google, General Electric, and Microsoft are screaming. Globalization is supposed to protect our investments and profits, not people!

So the sweatshop lobby has descended on China like a plague of locusts, demanding that the new labor law be repudiated. These global giants moved factories there specifically to slash their labor costs. This relocation meant that these businesses could offer poverty wages in China and then use the deplorable pay and conditions there as a sledgehammer to knock down workers everywhere.

China, which now constitutes about 25 percent of the global work force, has become the global standard for low wages and poor working conditions in industry after industry. If China were to lift its living standards, this could have a ripple effect on conditions for people around the world—an ironic reverse benefit of globalization.

This has led to major corporate heart palpitations and an unseemly, embarrassing, self-serving lobbying blitz in China by brand-name corporations to stop true globalization in its tracks. They've had some success, but now there's a growing global backlash against their greed. To learn more, contact the watchdog group Global Labor Strategies at [www.laborstrategies.org](http://www.laborstrategies.org).

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Meanwhile, people are upset that a chemical additive in pet food imported from China is poisoning their little Fidos and Fluffies. The same additive has also been found in feed for chickens and hogs. Why isn't the FDA protecting us?

Well, inspections by the Food and Drug Administration are a cruel joke. Some 9 million shiploads of foreign food came into our ports last year, yet the FDA sampled only about 20,000. That's barely one percent! Foreign suppliers know this, so they've turned America into an easy-access dumping ground for fish, grains, fresh fruits, veggies, nuts, and other foods tainted with everything from cancer-causing toxins to illegal veterinary drugs.

In the past decade, food shipments from elsewhere to our ports have more than doubled, with shipments from China nearly quintupling. We already have a massive trade imbalance with the Chinese—why increase it by buying catfish, nuts, wheat products, and other common foods that our own farmers produce in abundance...and with great quality?

Can you say, Wal-Mart? Wal-Mart, giant supermarket food chains, and the big food processors from our own country are steadily abandoning American farmers to get cheaper commodities and packaged goods from China and other countries where farmers, workers, and the environment are easily exploited. That's what these retailers and processors mean by "cheap" foodstuffs.

By the way, these are the same corporations that are trying to kill legislation requiring food imports to be labeled by country of origin.

To avoid bad imports, buy as much food as possible from farmers' markets and grocery stores that feature locally grown food.

cial, privatized lending structure that adds nothing of value to students but greatly increases the cost and complexity of getting student loans that could be made cheaply, simply, honestly, and directly by the Department of Education.

■ **FEDEX, UPS** and the giant corporate mailers are trying to privatize the U.S. Postal Service piece by piece by deregulating the entire postal market, outsourcing the most lucrative postal functions, and abandoning America's principle of universal service for everyone.

Lurita's lurid tale

Lurita Doan, who ran a federal contracting company in Virginia and who has been a six-figure donor to Bush and the GOP, was chosen by George last year to head the General Services Administration (GSA). This agency doles out some \$56 billion annually in federal contracts and is in charge of policing the contractors. At her confirmation hearing, Doan said she wanted to prove she can run a federal agency like a business—and she has. She's run GSA like Enron.

Just two months after taking office, Doan made a robust attempt to hand a \$20,000 no-bid contract to a friend and former business associate, even going so far as to sign the deal personally. Ultimately, GSA's general counsel had to step in and nix this obvious conflict-of-interest gaffe.

But Doan kept playing loose with the people's money. Last year, when a technology contract with Sun Microsystems was up for renewal, two GSA contract officers rejected it on the grounds that the corporation was overcharging taxpayers. Doan personally intervened, suggesting

that one of the officers was "stressed." She brought in another officer, who promptly approved the renewal—and got a long-coveted transfer to GSA's Denver office.

Then Doan got paranoid, apparently feeling that the agency's independent inspector general (IG) was foiling her enthusiastic efforts to "streamline" the contract-awarding process and to loosen up audits on corporations getting contracts. She chided the IG and, according to notes taken in a staff meeting, compared him and his staff to terrorists! Doan has now proposed cutting \$5 million from the IG's audit budget, which is used to detect corporate fraud and waste, and shifting some of his duties to—are you ready for this?—private contractors.

Coalition of greed

Why is this happening? Paul Light, a New York University professor and expert on public service, points to a coalition of the greedy fueling the growth of what he calls "the hidden workforce of contractors." The contractors, of course, love privatization. Many corporations have been formed (often by former officials in the military or government) just to sup at the federal trough and many subsist wholly on government contracts. Pentagon contractors have grown especially fat on our tax dollars, with the largest, Lockheed-Martin, now receiving more federal funds than the Department of Justice.

At the same time, a huge lobbying force has been built to keep the cash flowing. Each corporation has its own lobbyists, and the contracting industry as a whole has an additional lobbying group, the Professional Services Council, which pushes for still more corporatization of government.

Then there are the politicians in both parties who're eager to show that they are reigning in big government. They shove public tasks into corporate hands in order to create what Light calls "the illusion that [government] is smaller than it actually is." And, of course, there are the political ideologues who push privatization simply as a matter of faith and political correctness, even though there's no evidence that it is cheaper—much less better.

It's on this last point that corporatization ultimately founders. For contractors, the concept of "better" applies strictly to their bottom lines—not to the country. They are out to get theirs, no matter what happens to the rest of us. This is why they've kept the size and scope of the corporate takeover hidden from us. It's also why there's no accountability, no public scrutiny, no analysis of public benefits built into the privatization push—the contractors know that corporatization is not better for America.

Our government is not meant to be a marketplace. It is intended as a democratic forum where the needs and aspirations of ALL the people are addressed. The corporations' grab-all-you-can, survival-of-the-fattest ethos is about serving their interest, not the public's. This is why We the People must expose, challenge, stop, and reverse the corporatization of our public institutions.

*Not only are corporations taking over government functions, they are also moving rapidly to take over our essential public assets—from highways to airports. In next month's newsletter, we'll give you the lowdown on who's selling America to whom...and why.*

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