

name of the company implicated in the pay-offs.

Halliburton said in a statement that the disclosure of what it called a "potential overcharge" was a sign of its "diligence" in managing its Iraq contracts. "KBR will ensure that questionable charges will be credited to the government and will seek recovery from the offending subcontractors."

Halliburton negotiated its current LogCap contract with a very thin profit margin of 1% over costs. It has a maximum bonus of an added 2% available if it delivers the needed services in an expeditious way. But under these so-called cost-plus arrangements, companies have little incentive to rein in costs or to assure that they pick the most competitive subcontractors, since the higher the costs, the higher the profit.

The disclosure comes as Pentagon documents continue to raise broader questions about KBR's financial controls in Iraq. A previously undisclosed Jan. 13 memorandum from a branch office of the Defense Control Audit Agency levels as "inadequate" KBR's system for accurately estimating the cost of ongoing work in order to justify payments. The memo was sent to various Army contracting officials.

The Pentagon has had to reject two huge proposed bills from KBR, including one for \$2.7 billion, because of myriad "deficiencies," the memo says. "We consider [the company's] estimates in the area of subcontracts to be inadequate," the memo says. The agency is now auditing proposed KBR bills totaling \$2.1 billion, the memo says.

Pentagon auditors last month said that KBR's Kuwaiti supplier, Altanmia Commercial Marketing Co., was charging the U.S. almost double the market price for gasoline. Auditors said the overcharging amounted to \$61 million through September, and as much as \$20 million a month since then.

The Army Corps defended the company's hiring of Altanmia in a lengthy Jan. 6 report. The report said KBR had "urgent and compelling needs" to use the Kuwaiti supplier, even at significantly higher prices than other potential suppliers.

Still, Pentagon officials are likely to home in on the circumstances under which KBR hired Altanmia. The Army Corps reports says KBR picked Altanmia on May 5 after making phone calls to just two other bidders. Officials say there is no indication of kickbacks involving Altanmia.

A number of anonymous whistleblowers have come forward in recent weeks with often-detailed allegations of KBR wrongdoing in Kuwait, including accusations of paybacks from companies that received lucrative subcontracting work from KBR, according to U.S. officials and congressional sources. These reports in turn have been taken up by the Pentagon's IG office.

The Pentagon's fuel unit, the Defense Energy Support Center, solicited bids yesterday for three fuel-delivery contracts meant to replace the work that KBR is now performing. KBR officials have said for months that they wanted out of the work, which they described as dangerous and not very profitable.

Mr. DASCHLE. As I said, it is very disturbing because there have already been serious concerns raised about the lack of scrutiny, auditing, and transparency with regard to the billions of dollars that are now being committed in Iraq. The Defense Contract Audit Agency has now been charged not only with taking responsibility for an audit, but they have also begun consideration of a criminal investigation. Clearly, if there is a possibility of a kickback, a criminal investigation is certainly warranted.

I am troubled by the lack of any expressed concern in the Congress. There has been virtually no oversight in either the House or the Senate. When matters of this magnitude and concerns of this level are addressed on the front pages of some of the most prominent newspapers in the country, I cannot think of a more important wakeup call for us. One of our primary roles as Members of Congress, of course, is oversight, to make sure that the money we authorize and appropriate is not only spent well but is spent as the American people would expect it.

I do not think we have any choice but to investigate this matter ourselves, to ask the appropriate committees, perhaps Government Affairs, Armed Services, Foreign Relations, to look into these issues, to ask the tough questions, and to have a somber appreciation ourselves of what is going on, why is it that we are reading for the first time reports of kickbacks when we have taken so little effort to understand the magnitude of the problem, the depth and scope of the issues that these allegations represent.

I think it is also important for us to call for a halt in all further contracts with Halliburton until these issues are clarified. For the life of me, I cannot understand why we would reward corporations or organizations of any kind that face such serious allegations of fraud and corruption, that are under investigation for perhaps overpricing the American taxpayer by \$61 million, at least with regard to the gasoline sold. Why we would award one more contract until these matters have been resolved? So I hope that on a bipartisan basis the Congress will live up to its responsibility, first, through oversight and, second, with a recognition that awarding contracts under circumstances such as these makes no sense whatsoever.

We will have more to say as we learn more, of course. These are very disturbing revelations. They merit more careful consideration. We need to learn more and understand what circumstances allowed the kickbacks in the first place. Lack of transparency above and beyond anything else will generate stories and situations like this over and over again.

Many of us have called for a complete public accounting of these funds, but here we are—no transparency, no public accounting, no oversight on the part of Congress, and the possibility of perhaps more contracts with Halliburton in the future. This is not the way to run a government, especially if we are hopeful of improving the confidence on the part of the American people that we understand the gravity of these issues and want very much to build their confidence that we are doing all we can in our efforts in Iraq to rebuild democracy, to provide for the assistance required. We have said on many occasions how troubling it is that we are the only real financial source for the economic, military, and public assistance provided to Iraq.

When the American people hear that much of that money may now be under a cloud, it is all the more imperative that we act to remove that cloud, to provide the confidence, the transparency, the oversight, and certainly the corrective actions required.

I yield the floor.

#### RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the remainder of the leadership time is reserved.

#### MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business with Senators permitted to speak for up to 10 minutes each.

Mr. DASCHLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. I ask unanimous consent that I be allowed to speak in morning business for as much time as I may consume.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. DORGAN pertaining to the submission of S. Res. 289 are printed in today's RECORD under "Submitted Resolutions.")

#### IRAQI CONTRACTS

Mr. DORGAN. Mr. President, on just one more issue, quickly, the Democratic leader was in the Chamber moments ago speaking of something I am very concerned about as well. This is the front page of the Wall Street Journal today and it says: "Halliburton Tells the Pentagon Workers Took Iraq-Deal Kickbacks."

Let me read from the report.

Halliburton Co. has told the Pentagon that two employees took kickbacks valued at up to \$6 million in return for awarding a Kuwaiti-based company with lucrative work supplying U.S. troops in Iraq.

That disclosure came just days after the top Defense Department auditor asked the office to investigate whether Halliburton subsidiary Kellogg Brown & Root overcharged for fuel deliveries by more than \$61 million.

This isn't the first whisper of this kind of issue. Week after week after week, for months we have been hearing these charges. Do you think anybody in the executive branch seems very concerned about them? Apparently the auditors in the Defense Department are. But do you see anybody scrambling to hold a hearing about it and do some investigation and some inquiry to bring somebody to account for this? It is as quiet as church mice around here.

In the last 6 or 8 years, every time there was a hiccup there would be a Senate investigation or a congressional investigation and we would hire special counsel and lawyers and have people under oath. Here is an example of what we ought to be investigating as well.

How about getting to the bottom of this issue. The U.S. taxpayers are being overcharged \$200 million, perhaps, for hauling gasoline into Iraq by a company that is charging \$1 more than anybody else is charging for hauling the same gasoline into Iraq. How about some accountability for the American taxpayer. After all, this money comes from the American taxpayer. Overcharging, kickbacks, cronyism, preferential contracts, nonbid contracts—this demands, this begs for an investigation. This Congress has a responsibility to do it.

I suppose the administration, this Congress, and the majority party can ignore this for another week or another month. This is not going to go away. Kickbacks, overcharges—this isn't going to go away. The fact is this company just got a new contract. This is a slap on the wrist, a pat on the back. That is what this is all about. Let us have an investigation to find out who is doing this. Let us suspend those contracts right now. If we have work to do, if we have fuel to haul, if we have supplies to buy, if we have projects to finish, let us get contractors to do that. Let us have contracts to haul that fuel and to provide those supplies so that we are not going to have to wonder whether there are kickbacks or overcharges or fraud.

I am sick and tired of reading this in the papers and seeing inaction in this Congress—none. Week after week after week we have read about Halliburton and its subsidiary. It is not just us. The auditors in the Department of Defense think the taxpayers have been bilked—not by a thousand dollars or a couple hundred thousand dollars, but by tens and tens and tens of millions of dollars. Auditors in the Department of Defense believe that and are asking these questions. Yet this place looks as if it is at parade rest; won't move a muscle.

There needs to be an investigation by the committees and the leadership of this Senate. My colleague, Senator DASCHLE, described that obligation this morning. There needs to be an investigation. I hope this will happen soon.

It was my great concern, as I expressed when the Congress passed nearly \$20 billion for reconstruction in Iraq, that this was throwing money up in the air in a way that called for a carnival of greed. It looks like hogs in the cornfield. You have all of this money—billions and billions of dollars for the reconstruction of Iraq—and you have contractors running around trying to grab some of it. This contractor was one of the first with no-bid contracts, now we see these allegations—and they have been going on for months—about overcharges. Now we see allegations of kickbacks.

The taxpayers deserve better than that. The taxpayers deserve accountability. This money is not some money that vanishes somewhere. This is money that comes from the pockets of the American taxpayers. We tax the taxpayers to get their money, and then this money is spent for the reconstruction of Iraq—a country, incidentally, which we did not destroy. We are reconstructing facilities that we did not damage, such as roads, bridges, the electric grid, and dams. We didn't target them. We didn't destroy them. Now we are told that we must reconstruct them with American taxpayers' money—a position that I voted against, a position that I think is absurd—in a country with the second largest reserves in the world, Iraq, next only to Saudi Arabia, which ought to be able, in my judgment, to sell the oil that it produces to reconstruct itself.

For that country to rely, as the President insists it must, on American taxpayers' funds for reconstruction is absurd. But, nonetheless, that is what happened. The majority of this Congress decided they wanted to spend nearly \$20 billion of American taxpayers' money to do that. Now we see at least part of the result of it, and there will be more. But the signal this Congress ought to send is one of accountability and demanding through public hearings and a thorough investigation. Can we not be as aggressive as the auditors in the Defense Department? Can we not at least express the same concern that auditors in the Defense Department express about the potential of our being bilked out of hundreds of millions of dollars? That is the least the American taxpayer should expect from this Congress.

I think this Congress has not heard the last of this. I and others will be on this floor attempting to demand investigative hearings. The taxpayers, in my judgment, deserve hearings on these subjects.

I yield the floor.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

#### PENSIONS

Mr. KENNEDY. Mr. President, it is Friday. We had a good discussion yesterday about this very important pension funding amendment which is presented to the Senate by the chairman of the Finance Committee, Senator GRASSLEY, and the ranking member, Senator BAUCUS; they have shared jurisdiction on a number of pension matters with our committee, the Health, Education, Labor, and Pensions Committee, chaired by Senator GREGG and I as the ranking minority member.

The two committees have worked very closely in recommending this legislation. I am very grateful to all and to Leader FRIST for giving this a priority standing. By the early part of next week, the first part of the week, we will have final action. This will move very rapidly through the House of Representatives because it is of such importance to employers and employees. It is a temporary measure to meet the certain challenges of our time.

To review again very briefly, the defined benefit pension plans are a key part of the retirement security of Americans. Americans have sort of a three-legged stool for retirement. They have Social Security, they have their savings, and they have their pension.

While Social Security is certainly secure, there has been certainly a draw-down on the Social Security assets as a result of the excessive tax reductions of this administration. It is certainly secure at the present time.

We have also seen that many who put savings in 401(k)s, with the slide of the market in a number of instances, have had their savings significantly reduced. Because of a combination of different events that have taken place in the economy, there is a real question about whether the pensions are going to be there for many of America's industries, the pension programs which have been supported both by their employer and the employee, paid into by workers with the guarantee that their pension would be there, would be available for them in the future. In many instances, they are threatened.

This legislation is to provide breathing room into the current system to permit the system to get back on its feet and to be working again. We will take action and do it quickly.

The defined benefit pension plans are a key part of retirement security for millions of Americans; they are promised a monthly benefit starting at retirement and continuing through their life. The combined plans are different from other pension plans. Only a defined benefit plan provides benefits backed by the Pension Benefit Guaranty Corporation. Workers rely on the guarantees to help in old age to pay for health benefits, needed medical care, college, education, and for their homes.

This chart is an indication of how this whole program is established. There are nearly 35 million Americans covered by single employer defined benefit pension plans. And 9.7 million Americans are covered by multiemployer benefit plans. For example, in the construction industry—where workers move from one site to the other site—the process has been worked out through the employers, which is supported both by the employers and the workers, which gives a multiemployer benefit. But these are obviously workers who work hard, play by the rules, and have a similar kind of interest as the other 35 million. It is only the defined benefit plan that provides a secure monthly benefit backed by the Pension Benefit Guaranty Corporation.