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## The Great Iraq Swindle

*How Bush Allowed an Army of For-Profit Contractors to Invade the U.S. Treasury*  
--From Issue 1034

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How is it done? How do you screw the taxpayer for millions, get away with it and then ride off into the sunset with one middle finger extended, the other wrapped around a chilled martini? Ask Earnest O. Robbins -- he knows all about being a successful contractor in Iraq.

You start off as a well-connected bureaucrat: in this case, as an Air Force civil engineer, a post from which Robbins was responsible for overseeing 70,000 servicemen and contractors, with an annual budget of \$8 billion. You serve with distinction for thirty-four years, becoming such a military all-star that the Air Force frequently sends you to the Hill to testify before Congress -- until one day in the summer of 2003, when you retire to take a job as an executive for Parsons, a private construction company looking to do work in Iraq.

Now you can finally move out of your dull government housing on Bolling Air Force Base and get your wife that dream home you've been promising her all these years. The place on Park Street in Dunn Loring, Virginia, looks pretty good -- four bedrooms, fireplace, garage, 2,900 square feet, a nice starter home in a high-end neighborhood full of spooks, think-tankers and ex-apparatchiks moved on to the nest-egg phase of their faceless careers. On October 20th, 2003, you close the deal for \$775,000 and start living that private-sector good life.

A few months later, in March 2004, your company magically wins a contract from the Coalition Provisional Authority in Iraq to design and build the Baghdad Police College, a facility that's supposed to house and train at least 4,000 police recruits. But two years and \$72 million later, you deliver not a functioning police academy but one of the great engineering clusterfucks of all time, a practically useless pile of rubble so badly constructed that its walls and ceilings are literally caked in shit and piss, a result of subpar plumbing in the upper floors.

You've done such a terrible job, in fact, that when auditors from the Special Inspector General for Iraq Reconstruction visit the college in the summer of 2006, their report sounds like something out of one of the Saw movies: "We witnessed a light fixture so full of diluted urine and feces that it would not operate," they write, adding that "the urine was so pervasive that it had permanently stained the ceiling tiles" and that "during our visit, a substance dripped from the ceiling onto an assessment team member's shirt." The final report helpfully includes a photo of a sloppy brown splotch on the outstretched arm of the unlucky auditor.

When Congress gets wind of the fiasco, a few members on the House Oversight Committee demand a hearing. To placate them, your company decides to send you to the Hill -- after all, you're a former Air Force major general who used to oversee this kind of contracting operation for the government. So you take your twenty-minute ride in from the suburbs, sit down before the learned gentlemen of the committee and promptly get asked by an irritatingly eager Maryland congressman named Chris Van Hollen how you managed to spend \$72 million on a pile of shit.

You blink. Fuck if you know. "I have some conjecture, but that's all it would be" is your deadpan answer.

The room twitters in amazement. It's hard not to applaud the balls of a man who walks into Congress short \$72 million in taxpayer money and offers to guess where it all might have gone.

Next thing you know, the congressman is asking you about your company's compensation. Touchy subject -- you've got a "cost-plus" contract, which means you're guaranteed a base-line profit of three percent of your total costs on the deal. The more you spend, the more you make -- and you certainly spent a hell of a lot. But before this milk-faced congressman can even think about suggesting that you give these millions back, you've got to cut him off. "So you won't voluntarily look at this," Van Hollen is mumbling, "and say, given what has happened in this project . . ."

"No, sir, I will not," you snap.

". . . 'We will return the profits.' . . ."

"No, sir, I will not," you repeat.

Your testimony over, you wait out the rest of the hearing, go home, take a bath in one of your four bathrooms, jump into bed with the little woman. . . . A year later, Iraq is still in flames, and your president's administration is safely focused on reclaiming \$485 million in aid money from a bunch of toothless black survivors of Hurricane Katrina. But the house you bought for \$775K is now assessed at \$929,974, and you're sure as hell not giving it back to anyone.

"Yeah, I don't know what I expected him to say," Van Hollen says now about the way Robbins responded to being asked to give the money back. "It just shows the contempt they have for us, for the taxpayer, for everything."

Operation Iraqi Freedom, it turns out, was never a war against Saddam Hussein's Iraq. It was an invasion of the federal budget, and no occupying force in history has ever been this efficient. George W. Bush's war in the Mesopotamian desert was an experiment of sorts, a crude first take at his vision of a fully privatized American government. In Iraq the lines between essential government services and for-profit enterprises have been blurred to the point of absurdity -- to the point where wounded soldiers have to pay retail prices for fresh underwear, where modern-day chattel are imported from the Third World at slave wages to peel the potatoes we once assigned to grunts in KP, where private companies are guaranteed huge profits no matter how badly they fuck things up.

And just maybe, reviewing this appalling history of invoicing orgies and million-dollar boondoggles, it's not so far-fetched to think that this is the way someone up there would like things run all over -- not just in Iraq but in Iowa, too, with the state police working for Corrections Corporation of America, and DHL with the contract to deliver every Christmas card.

And why not? What the Bush administration has created in Iraq is a sort of paradise of perverted capitalism, where revenues are forcibly extracted from the customer by the state, and obscene profits are handed out not by the market but by an unaccountable government bureaucracy. This is the triumphant culmination of two centuries of flawed white-people thinking, a preposterous mix of authoritarian socialism and laissez-faire profiteering, with all the worst aspects of both ideologies rolled up into one pointless, supremely idiotic military adventure -- American men and women dying by the thousands, so that Karl Marx and Adam Smith can blow each other in a Middle Eastern glory hole.

It was an awful idea, perhaps the worst America has ever tried on foreign soil. But if you were in on it, it was great work while it lasted. Since time immemorial, the distribution of government largesse had followed a staid, paper-laden procedure in which the federal government would post the details of a contract in periodicals like Commerce Business Daily or, more recently, on the FedBizOpps Web site. Competitive bids were solicited and contracts were awarded in accordance with the labyrinthine print of the U.S. Code, a straightforward system that worked well enough before the Bush years that, as one lawyer puts it, you could "count the number of cases of criminal fraud on the fingers of one hand."

There were exceptions to the rule, of course -- emergencies that required immediate awards, contracts where there was only one available source of materials or labor, classified deals that involved national security. What no one knew at the beginning of the war was that the Bush administration had essentially decided to treat the entire Iraqi theater as an exception to the rules. All you had to do was get to Iraq and the game was on.

But getting there wasn't easy. To travel to Iraq, would-be contractors needed permission from the Bush administration, which was far from blind in its appraisal of applicants. In a much-ballyhooed example of favoritism, the White House originally installed a clown named Jim O'Beirne at the relevant evaluation desk in the Department of Defense. O'Beirne proved to be a classic Bush villain, a moron's moron who judged applicants not on their Arabic skills or their relevant expertise but on their Republican bona fides; he sent a twenty-four-year-old who had never worked in finance to manage the reopening of the Iraqi stock exchange, and appointed a recent graduate of an evangelical university for home-schooled kids who had no accounting experience to manage Iraq's \$13 billion budget. James K. Haveman, who had served as Michigan's community-health director under a GOP governor, was put in charge of rehabilitating Iraq's health-care system and decided that what this war-ravaged, malnourished, sanitation-deficient country most urgently needed was . . . an anti-smoking campaign.

Town-selectmen types like Haveman weren't the only people who got passes to enter Iraq in the first few years. The administration also greenlighted brash, modern-day forty-niners like Scott Custer and Mike Battles, a pair of ex-Army officers and bottom-rank Republican pols (Battles had run for Congress in Rhode Island and had been a Fox News commentator) who had decided to form a security company called Custer Battles and make it big in Iraq. "Battles knew some people from his congressional run, and that's how they got there," says Alan Grayson, an attorney who led a whistleblower lawsuit against the pair for defrauding the government.

Before coming to Iraq, Custer Battles hadn't done even a million dollars in business. The company's own Web site brags that Battles had to borrow cab fare from Jordan to Iraq and arrived in Baghdad with less than \$500 in his pocket. But he had good timing, arriving just as a security contract for Baghdad International Airport was being "put up" for bid. The company site raves that Custer spent "three sleepless nights" penning an offer that impressed the CPA enough to hand the partners \$2 million in cash, which Battles promptly stuffed into a duffel bag and drove to deposit in a Lebanese bank.

Custer Battles had lucked into a sort of Willy Wonka's paradise for contractors, where a small pool of Republican-friendly businessmen would basically hang around the Green Zone waiting for a contracting agency to come up with a work order. In the early days of the war, the idea of "competition" was a farce, with deals handed out so quickly that there was no possibility of making rational or fairly priced estimates. According to those familiar with the process, contracting agencies would request phony "bids" from several contractors, even though the winner had been picked in advance. "The losers would play ball because they knew that eventually it would be their turn to be the winner," says Grayson.

To make such deals legal, someone in the military would simply sign a piece of paper invoking an exception. "I know one guy whose business was buying weapons on the black market for contractors," says Pratap Chatterjee, a writer who has spent months in the Mideast researching a forthcoming book on Iraq contracts. "It's illegal -- but he got military people to sign papers allowing him to do it."

The system not only had the advantage of eliminating red tape in a war zone, it also encouraged the "entrepreneurship" of patriots like Custer and Battles, who went from bumming cab fare to doing \$100 million in government contracts practically overnight. And what business they did! The bid that Custer claimed to have spent "three sleepless nights" putting together was later described by Col. Richard Ballard, then the inspector general of the Army, as looking "like something that you and I would write over a bottle of vodka, complete with all the spelling and syntax errors and annexes to be filled in later." The two simply "presented it the next day and then got awarded about a \$15 million contract."

The deal charged Custer Battles with the responsibility to perform airport security for civilian flights. But there were never any civilian flights into Baghdad's airport during the life of their contract, so the CPA gave them a job managing an airport checkpoint, which they failed miserably. They were also given scads of money to buy expensive X-ray equipment and set up an advanced canine bomb-sniffing system, but they never bought the equipment. As for the dog, Ballard reported, "I eventually saw one dog. The dog did not appear to be a certified, trained dog." When the dog was brought to the checkpoint, he added, it would lie down and "refuse to sniff the vehicles" -- as outstanding a metaphor for U.S. contractor performance in Iraq as has yet been produced.

Like most contractors, Custer Battles was on a cost-plus arrangement, which means its profits were guaranteed to rise with its spending. But according to testimony by officials and former employees, the partners also charged the government millions by making out phony invoices to shell companies they controlled. In another stroke of genius, they found a bunch of abandoned Iraqi Airways forklifts on airport property, repainted them to disguise the company markings and billed them to U.S. taxpayers as new equipment. Every time they scratched their asses, they earned; there was so much money around for contractors, officials literally used \$100,000 wads of cash as toys. "Yes -- \$100 bills in plastic wrap," Frank Willis, a former CPA official, acknowledged in Senate testimony about Custer Battles. "We played football with the plastic-wrapped bricks for a little while."

The Custer Battles show only ended when the pair left a spreadsheet behind after a meeting with CPA officials -- a spreadsheet that scrupulously detailed the pair's phony invoicing. "It was the worst case of fraud I've ever seen, hands down," says Grayson. "But it's also got to be the first instance in history of a defendant leaving behind a spreadsheet full of evidence of the crime."

But even being the clumsiest war profiteers of all time was not enough to bring swift justice upon the heads of Mr. Custer and Mr. Battles -- and this is where the story of America's reconstruction effort gets really interesting. The Bush administration not only refused to prosecute the pair -- it actually tried to stop a lawsuit filed against the contractors by whistle-blowers hoping to recover the stolen money. The administration argued that Custer Battles could not be found guilty of defrauding the U.S. government because the CPA was not part of the U.S. government. When the lawsuit went forward despite the administration's objections, Custer and Battles mounted a defense that recalled Nuremberg and Lt. Calley, arguing that they could not be guilty of theft since it was done with the government's approval.

The jury disagreed, finding Custer Battles guilty of ripping off taxpayers. But the verdict was set aside by T.S. Ellis III, a federal judge who cited the administration's "the CPA is not us" argument. The very fact that private contractors, aided by the government itself, could evade conviction for what even Ellis, a Reagan-appointed judge, called "significant" evidence of fraud, says everything you need to know about the true nature of the war we are fighting in Iraq. Is it really possible to bilk American taxpayers for repainted forklifts stolen from Iraqi Airways and claim that you were just following orders? It is, when your commander in chief is George W. Bush. There isn't a brazen, two-bit, purse-snatching money caper you can think of that didn't happen at least 10,000 times with your tax dollars in Iraq. At the very outset of the occupation, when L. Paul Bremer was installed as head of the CPA, one of his first brilliant ideas for managing the country was to have \$12 billion in cash flown into Baghdad on huge wooden pallets and stored in palaces and government buildings. To pay contractors, he'd have agents go to the various stashes -- a pile of \$200 million in one of Saddam's former palaces was watched by a single soldier, who left the key to the vault in a backpack on his desk when he went out to lunch -- withdraw the money, then crisscross the country to pay the bills. When desperate auditors later tried to trace the paths of the money, one agent could account for only \$6,306,836 of some \$23 million he'd withdrawn. Bremer's office "acknowledged not having any supporting documentation" for \$25 million given to a different agent. A ministry that claimed to have paid 8,206 guards was able to document payouts to only 602. An agent who was told by auditors that he still owed \$1,878,870 magically produced exactly that amount, which, as the auditors dryly noted, "suggests that the agent had a reserve of cash."

In short, some \$8.8 billion of the \$12 billion proved impossible to find. "Who in their right mind would send 360 tons of

cash into a war zone?" asked Rep. Henry Waxman, chairman of the House Oversight Committee. "But that's exactly what our government did."

Because contractors were paid on cost-plus arrangements, they had a powerful incentive to spend to the hilt. The undisputed master of milking the system is KBR, the former Halliburton subsidiary so ubiquitous in Iraq that soldiers even encounter its customer-survey sheets in outhouses. The company has been exposed by whistle-blowers in numerous Senate hearings for everything from double-charging taxpayers for \$617,000 worth of sodas to overcharging the government 600 percent for fuel shipments. When things went wrong, KBR simply scrapped expensive gear: The company dumped 50,000 pounds of nails in the desert because they were too short, and left the Army no choice but to set fire to a supply truck that had a flat tire. "They did not have the proper wrench to change the tire," an Iraq vet named Richard Murphy told investigators, "so the decision was made to torch the truck."

In perhaps the ultimate example of military capitalism, KBR reportedly ran convoys of empty trucks back and forth across the insurgent-laden desert, pointlessly risking the lives of soldiers and drivers so the company could charge the taxpayer for its phantom deliveries. Truckers for KBR, knowing full well that the trips were bullshit, derisively referred to their cargo as "sailboat fuel."

In Fallujah, where the company was paid based on how many soldiers used the base rec center, KBR supervisors ordered employees to juke the head count by taking an hourly tally of every soldier in the facility. "They were counting the same soldier five, six, seven times," says Linda Warren, a former postal worker who was employed by KBR in Fallujah. "I was even directed to count every empty bottle of water left behind in the facility as though they were troops who had been there."

Yet for all the money KBR charged taxpayers for the rec center, it didn't provide much in the way of services to the soldiers engaged in the heaviest fighting of the war. When Warren ordered a karaoke machine, the company gave her a cardboard box stuffed with jumbled-up electronic components. "We had to borrow laptops from the troops to set up a music night," says Warren, who had a son serving in Fallujah at the time. "These boys needed R&R more than anything, but the company wouldn't spend a dime." (KBR refused requests for an interview, but has denied that it inflated troop counts or committed other wrongdoing in Iraq.)

One of the most dependable methods for burning taxpayer funds was simply to do nothing. After securing a contract in Iraq, companies would mobilize their teams, rush them into the war zone and then wait, citing the security situation or delayed paperwork -- all the while charging the government for housing, meals and other expenses. Last year, a government audit of twelve major contracts awarded to KBR, Parsons and other companies found that idle time often accounted for more than half of a contract's total costs. In one deal awarded to KBR, the company's "indirect" administrative costs were \$52.7 million, and its direct costs -- the costs associated with the actual job -- were only \$13.4 million.

Companies jacked up the costs even higher by hiring out layers of subcontractors to do their work for them. In some cases, each subcontractor had its own cost-plus arrangement. "We called those 'cascading contracts,'" says Rep. Van Hollen. "Each subcontractor piles on a lot of costs, and eventually they would snowball into a huge payout. It was a green light for waste."

In March 2004, Parsons -- the firm represented by Earnest O. Robbins -- was given nearly \$1 million to build a fire station in Ainkawa, a small Christian community in one of the safest parts of Iraq. Parsons subcontracted the design to a British company called TPS Consult and the construction to a California firm called Innovative Technical Solutions Inc. ITSI, in turn, hired an Iraqi outfit called Zozik to do the actual labor.

A year and a half later, government auditors visited the site and found that the fire station was less than half finished. What little had been built was marred by serious design flaws, including concrete columns so shoddily constructed that they were riddled with holes that looked like "honeycombing." But getting the fuck-ups fixed proved problematic. The auditors "made a request that was sent to the Army Corps, which delivered it to Parsons, who then asked ITSI, which asked TPS Consult to check on the work done by Zozik," writes Chatterjee, who describes the mess in his forthcoming book, *Baghdad Bonanza*. The multiple layers of subcontractors made it almost impossible to resolve the issue -- and every day the delays dragged on meant more money for the companies.

Sometimes the government simply handed out money to companies it made up out of thin air. In 2006, the Army Corps of Engineers found itself unable to award contracts by the September deadline imposed by Congress, meaning it would have to "de-obligate" the money and return it to the government. Rather than suffer that awful fate, the corps obligated \$362 million -- spread out over ninety-six different contracts -- to "Dummy Vendor." In their report on the mess, auditors noted that money to nobody "does not constitute proper obligations."

But even obligating money to no one was better than what sometimes happened in Iraq: handing out U.S. funds to the enemy. Since the beginning of the war, rumors have abounded about contractors paying protection money to insurgents to avoid attacks. No less an authority than Ahmed Chalabi, the head of the Iraqi National Congress, claimed that such payoffs are a "significant source" of income for Al Qaeda. Moreover, when things go missing in Iraq -- like bricks of \$100 bills, or weapons, or trucks -- it is a fair assumption that some of the wayward booty ends up in the wrong hands. In July, a federal audit found that 190,000 weapons are missing in Iraq -- nearly one out of every three arms supplied by the United States. "These weapons almost certainly ended up on the black market, where they are repurchased by insurgents," says Chatterjee. For all the creative ways that contractors came up with to waste, mismanage and steal public money in Iraq, the standard remained good old-fashioned fucking up. Take the case of the Basra Children's Hospital, a much-ballyhooed "do-gooder" project championed by Laura Bush and Condi Rice. This was exactly the sort of grandstanding, self-serving, indulgent and ultimately useless project that tended to get the go-ahead under reconstruction. Like the expensive telephone-based disease-notification database approved for use in hospitals without telephones, or the natural-gas-powered electricity turbines greenlighted for installation in a country without ready sources of natural gas, the Basra Children's Hospital was a state-of-the-art medical facility set to be built in a town without safe drinking water. "Why build a hospital for kids, when the kids have no clean water?" said Rep. Jim Kolbe, a Republican from Arizona.

Bechtel was given \$50 million to build the hospital -- but a year later, with the price tag soaring to \$169 million, the company was pulled off the project without a single bed being ready for use. The government was unfazed: Bechtel, explained USAID spokesman David Snider, was "under a 'term contract,' which means their job is over when their money ends."

Their job is over when their money ends. When I call Snider to clarify this amazing statement, he declines to discuss the matter further. But if you look over the history of the Iraqi reconstruction effort, you will find versions of this excuse everywhere. When Custer Battles was caught delivering broken trucks to the Army, a military official says the company told him, "We were only told we had to deliver the trucks. The contract doesn't say they had to work."

Such excuses speak to a monstrous vacuum of patriotism; it would be hard to imagine contractors being so blithely disinterested in results during World War II, where every wasted dollar might mean another American boy dead from gangrene in the Ardennes. But the rampant waste of money and resources also suggests a widespread contempt for the ostensible "purpose" of our presence in Iraq. Asked to cast a vote for the war effort, contractors responded by swiping everything they could get their hands on -- and the administration's acquiescence in their thievery suggests that it, too, saw making a buck as the true mission of the war. Two witnesses scheduled to testify before Congress against Custer Battles ultimately declined not only because they had received death threats but because they, too, were contractors and feared that they would be shut out of future government deals. To repeat: Witnesses were afraid to testify in an effort to recover government funds because they feared reprisal from the government.

The Bush administration's lack of interest in recovering stolen funds is one of the great scandals of the war. The White House has failed to litigate a single case against a contractor under the False Claims Act and has not sued anybody for breach of contract. It even declined to join in a lawsuit filed by whistle-blowers who are accusing KBR of improper invoicing in Fallujah. "For all the Bush administration claims to do in the war against terrorism," Grayson said in congressional testimony, "it is a no-show in the war against war profiteers." In nearly five years of some of the worst graft and looting in American history, the administration has recovered less than \$6 million.

What's more, when anyone in the government tried to question what contractors were up to with taxpayer money, they were immediately blackballed and treated like an enemy. Take the case of Bunnatine "Bunny" Greenhouse, an outspoken and energetic woman of sixty-three who served as the chief procurement executive for the Army Corps of Engineers. In her position, Greenhouse was responsible for signing off on sole-source contracts -- those awarded without competitive bids and thus most prone to corruption. Long before Iraq, she had begun to notice favoritism in the awarding of contracts to KBR, which was careful to recruit executives who had served in the military. "That was why I joined the corps: to stop this kind of clubby contracting," she says.

A few weeks before the Iraq War started, Greenhouse was asked to sign off on the contract to restore Iraqi oil. The deal, she noticed, was suspicious on a number of fronts. For one thing, the company that had designed the project, KBR, was the same company that was being awarded the contract -- a highly unusual and improper situation. For another, the corps wanted to award a massive "emergency" contract to KBR with no competition for up to five years, which Greenhouse thought was crazy. Who ever heard of a five-year emergency? After auditing the deal, the Pentagon found that KBR had overcharged the government \$61 million for fuel. "The abuse related to contracts awarded to KBR," Greenhouse testified before the Senate, "represents the most blatant and improper contract abuse I have witnessed during the course of my professional career."

And how did her superiors in the Pentagon respond to the wrongdoing highlighted by their own chief procurement officer? First they gave KBR a waiver for the overbilling, blaming the problem on an Iraqi subcontractor. Then they dealt with Greenhouse by demoting her and cutting her salary, citing a negative performance review. The retaliation sent a clear message to any would-be whistle-blowers. "It puts a chill on you," Greenhouse says. "People are scared stiff."

They were scared stiff in Iraq, too, and for good reason. When civilian employees complained about looting or other improprieties, contractors sometimes threatened to throw them outside the gates of their bases -- a life-threatening situation for any American. Robert Isakson, a former FBI agent who worked for Custer Battles, says that when he refused to go along with one scam involving a dummy company in Lebanon, he was detained by company security guards, who seized his ID badge and barred him from the base in Baghdad. He eventually had to make a hazardous, Papillon-esque journey across hostile Iraq to Jordan just to survive. (Custer Battles denies the charge.)

James Garrison, who worked at a KBR ice plant in Al Asad, recalls an incident when Indian employees threatened to go on strike: "They pulled a bus up, got them in there and said, 'We'll ship you outside the front gate if you want to go on strike.'" Not surprisingly, the workers changed their mind about a work stoppage.

You know the old adage: □ You don't pay a hooker to spend the night, you pay her to leave in the morning. That maxim also applies to civilian workers in Iraq. A soldier is a citizen with rights, a man to be treated with honor and respect as a protector of us all; if one loses a limb, you've got to take care of him, in theory for his whole life. But a mercenary is just another piece of equipment you can bill to the taxpayer: If one is hurt on the job, you can just throw it away and buy another one. Today there are more civilians working for private contractors in Iraq than there are troops on the ground. The totality of the thievery in Iraq is such that even the honor of patriotic service has been stolen -- we've replaced soldiers and heroes with disposable commodities, men we expected to give us a big bang for a buck and to never call us again.

Russell Skoug, who worked as a refrigeration technician for a contractor called Wolfpack, found that out the hard way. These days Skoug is back home in Diboll, Texas, and he doesn't move around much; he considers it a big accomplishment if he can make it to his mailbox and back once a day. "I'm doing a lot if I can do that much," he says, laughing a little.

A year ago, on September 11th, Skoug was working for Wolfpack at a base in Heet, Iraq. It was a convoy day -- trucks braved the trip in and out of the base every third day -- and Skoug had a generator he needed to fix. So he agreed to make a run to Al Asad. "If I would've realized that it was September 11th, I never would've went out," he says. It would turn out to be the last run he would ever make in Iraq.

An Air Force vet, Skoug had come to Iraq as a civilian to repair refrigeration units and air conditioners for a KBR subcontractor called LSI. But when he arrived, he discovered that LSI had hired him to fix Humvees. "I didn't know jack-squat about Humvees," he says. "I could maybe change the oil, that was it." (Asked about Skoug's additional assignment, KBR boasted: "Part of the reason for our success is our ability to employ individuals with multiple capabilities.")

Working with him on his crew were two other refrigeration technicians, neither of whom knew anything about fixing Humvees. Since Skoug and most of his co-workers had worked for KBR in Afghanistan, they were familiar with cost-plus contracting. The buzz around the base was that cost-plus was the reason LSI was hiring air-conditioning guys to work on unfamiliar military equipment at a cost to the taxpayer of \$80,000 a year. "They was doing the same thing as KBR: just filling the body count," says Skoug.

Thanks to low troop levels, all the military repair guys had been pressed into service to fight the war, so Skoug was forced to sit in the military storeroom on the base and study vehicle manuals that, as a civilian, he wasn't allowed to check out of

the building. That was how America fought terrorism in Iraq: It hired civilian air-conditioning techs to fix Humvees using the instruction manual while the real Humvee repairmen, earning a third of what the helpless civilians were paid, drove around in circles outside the wire waiting to get blown up by insurgents.

After much pleading and cajoling, Skoug managed to convince LSI to let him repair some refrigeration units. But it turned out that the company didn't have any tools for the job. "They gave me a screwdriver and a Leatherman, and that's it," he recalls. "We didn't even have freon gauges." When Skoug managed to scrounge and cannibalize parts to get the job done, he impressed the executives at Wolfpack enough to hire him away from LSI for \$10,000 a month. The job required Skoug, who had been given no formal security training, to travel regularly on dangerous convoys between bases. Wolfpack issued him an armored vehicle, a Yugoslav-made AK-47 and a handgun, and wished him luck.

For nearly a year, Skoug did the job, trying at each stop to overcome the hostility that many troops felt for civilian contractors who surfed the Internet and played pool and watched movies all day for big dollars while soldiers carrying seventy-pound packs of gear labored in huts with broken air conditioning the civilian techs couldn't be bothered to repair. "They'd have the easiest thing to fix, and they wouldn't do it," Skoug says. "They'd write that they'd fixed it or that they just needed a part and then just leave it." At Haditha Dam, Skoug witnessed a near-brawl after some Marines, trying to get some sleep after returning from patrol, couldn't get a group of "KBR dudes" to turn down the television in a common area late at night.

Toward the end of Skoug's stay, insurgent activity in his area increased to the point where the soldiers leading his convoys would often drive only at night and without lights. Skoug and his co-workers asked Wolfpack to provide them with night-vision goggles that cost as little as \$1,000 a pair, but the company refused. "Their attitude was, we don't need 'em and we're not buying 'em," says Thomas Lane, a Wolfpack employee who served as Skoug's security man on the night of September 11th.

On that evening, the soldiers leading the convoy refused to let Skoug drive his own vehicle back to Heet without night-vision goggles. So a soldier took Skoug's car, and Skoug was forced to be a passenger in a military vehicle. "We start out the front gate, and I find out that the truck that I was in was the frickin' lead truck," he recalls. "And I'm going, 'Oh, great.' "

The bomb went off about a half-hour later, ripping through the truck floor and destroying four inches of Skoug's left femur. "The windshield looked like there was a film on it," he says. "I find out later it was a film -- it was blood and meat and stuff all over the windshield on the inside." Skoug was loaded into the back of a Humvee, his legs hanging out, and evacuated to an Army hospital in Germany before being airlifted back to the States.

When Skoug arrived, it was his wife, Linda, who had to handle all his affairs. She was the one who arranged for an air ambulance to take him to Houston, where she had persuaded an orthopedic hospital to admit him as a patient. She had to do this because almost right from the start, Wolfpack washed its hands of Russell Skoug. The insurance policy he had been given turned out to be useless -- the company denied all coverage, beginning with a \$72,597 bill for his stay in the German hospital. Despite assurances from Wolfpack chief Mark Atwood that he would cover all Skoug's expenses, neither he nor the insurance company would pay for the \$16,000 trip in the air ambulance. Nobody paid for the operations Skoug had in Houston -- as many as three a day, every day for a month. And nobody paid for his subsequent rehab stint in another Houston hospital -- despite the fact that military law requires every company contracting with the government to fully insure all of its employees in the war zone.

Now that he's out, sitting at home on his couch with only partial use of his left hand and left leg, Skoug has a stack of unpaid medical bills almost three inches tall. As he speaks, he keeps fidgeting. He apologizes, explaining that he can't sit still for very long. Why? Because Skoug can no longer afford pain medication. "I take ibuprofen sometimes," he says, "but basically I just grin and bear it."

And here's where this story turns into something perfectly symbolic of everything that the war in Iraq stands for, a window into the soul of for-profit contractors who not only left behind a breathtaking legacy of fraud, waste and corruption but, through their calculating, greed-fueled hijacking of this generation's broadest and most far-reaching foreign-policy initiative, pushed America into previously unknown realms of moral insanity. When I contact Mark Atwood and ask him to explain how he could watch one of his best employees get blown up and crippled for life, and then cut him loose with debts totaling well over half a million dollars, Atwood, safe in his office in Kuwait City and contentedly suckling at the

taxpayer teat, decides that answering this one question is just too much to ask of poor old him.

"Right now," Atwood says, "I just want some peace."

When Linda Skoug petitioned Atwood for help, he refused, pointing out that he had kept his now-useless employee on the payroll for four whole months before firing him. "After I have put forth to help you all out," he wrote in an e-mail, "you are going to get on me for your husband not having insurance." He even implied that Skoug had brought the accident upon himself by allowing the Army to place him at the head of the convoy: "He was not even suppose [sic] to be in the lead vehicle to begin with."

And that, ladies and gentlemen, is the story of the Iraq War in a nutshell. In the history of balls, the world has never seen anything like the private contractors George W. Bush summoned to serve in Operation Iraqi Freedom. Collectively, they are the final, polished result of 231 years of natural selection in the crucible of American capitalism: a bureaucrat class capable of stealing the same dollar twice -- once from the taxpayer and once from a veteran in a wheelchair.

The explanations that contractors offer for all the missing dollars, all the myriad ways they looted the treasury and screwed guys like Russell Skoug, rank among the most diabolical, shameless, tongue-twisting bullshit in history. Going back over the various congressional hearings and trying to decipher the corporate responses to the mountains of thefts and fuck-ups is a thrilling intellectual journey, not unlike tackling the Pharaonic hieroglyphs or the mating chatter of colobus monkeys. Standing before Congress, contractors and the officials who are supposed to monitor them say things like "As long as we have the undefinitized contract issue that we have . . . we will continue to see the same kinds of sustension rates" (translation: We can't get back any of the fucking money) and "The need for to-fitnessization was viewed as voluntary, and that was inaccurate as the general counsel to the Army observed in a June opinion" (translation: The contractor wasn't aware that he was required to keep costs down) and "If we don't know where we're trying to go and don't have measures, then we won't know how much longer it's going to take us to get there" (translation: There never was a plan in place, other than to let contractors rip off every dollar they could).

According to the most reliable estimates, we have doled out more than \$500 billion for the war, as well as \$44 billion for the Iraqi reconstruction effort. And what did America's contractors give us for that money? They built big steaming shit piles, set brand-new trucks on fire, drove back and forth across the desert for no reason at all and dumped bags of nails in ditches. For the most part, nobody at home cared, because war on some level is always a waste. But what happened in Iraq went beyond inefficiency, beyond fraud even. This was about the business of government being corrupted by the profit motive to such an extraordinary degree that now we all have to wonder how we will ever be able to depend on the state to do its job in the future. If catastrophic failure is worth billions, where's the incentive to deliver success? There's no profit in patriotism, no cost-plus angle on common decency. Sixty years after America liberated Europe, those are just words, and words don't pay the bills.