

Bechtel Profits from Destruction

A Short Survey



Bechtel Group Inc. is a privately held corporation started at the turn of the twentieth century that undertakes monolithic construction projects globally. Bechtel's projects include petroleum and chemical plants, nuclear power and weapons facilities, oil pipelines, mining and metal projects, water management and a host of other construction works. In 2002, Bechtel booked new work totaling \$12.7 billion with gross revenues of \$11.6 billion. From 1999-2002, Bechtel contributed \$1,297,465 to federal campaigns and candidates, 59% to Republicans. Bechtel consistently uses insider connections at the highest levels of government to obtain its contracts. Moreover, Bechtel's history of environmental degradation, human rights abuse, cost overruns at taxpayers expense, and privatization of public commodities is notoriously dismal.

In April, the Bush administration awarded Bechtel a \$680 million contract for the "reconstruction" of post-Hussein Iraq. Bechtel was selected without open bidding and behind closed doors. We oppose this selection based on Bechtel's miserable and well-documented record of preferring profits to people, and its unparalleled history of human, environmental, and economic damage to communities with the greatest risk and greatest need. It is imperative that the humanitarian needs of the Iraqi people—particularly the right to self-determination—take precedence in the rebuilding effort. The corporate invasion must be stopped.

Here's a short list of Bechtel's destruction, dishonesty, and humanitarian disregard around the globe.

Driving Us Into War and then Profiting From It

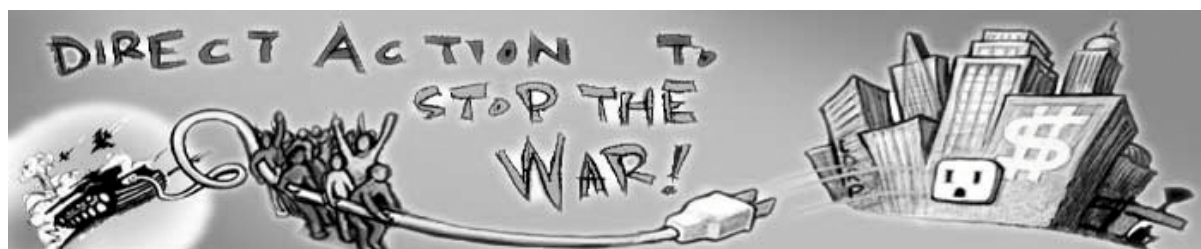
Bechtel bosses are not only profiting from the war with Iraq; through a variety of government advisory positions, they have played significant roles in ensuring that the war took place.

The most blatant example is George Shultz, former Secretary of State and Bechtel's current senior counsel and director. As described by the *New York Times*, Shultz "is also the chairman of the advisory board of the Committee for the Liberation of Iraq, a fiercely pro-war group with close ties to the White House. The committee formed last year, made it clear from the beginning that it sought more than the ouster of Saddam's regime. It was committed, among other things, 'to work beyond the liberation of Iraq to the reconstruction of its economy.'"

"War profiteering" is a generous description of Bechtel's role in the war with Iraq. With Bechtel's new contract, the opportunity for expansion throughout the region would be further advanced by a recently-announced Bush Administration plan for an U.S.-Middle East Free Trade Area by 2013. Bechtel, unsurprisingly, had a role in this: Riley P. Bechtel, the chairman and CEO, was appointed in February to the President's Export Council, President Bush's advisory committee on international trade. Such an agreement would make the corporate invasion of the entire region a reality—Bechtel, as usual, would be in the lead.

Fleecing San Francisco, California

Just over a year ago, the Board of Supervisors's concerns over Bechtel mismanagement and corruption grew so severe they phased out a Bechtel contract for management of upgrading the city's water systems—before its completion date. Bechtel was publically charged with doing unnecessary and overpriced work, and bilking the city out of tens of thousands of dollars' worth of personal expenses. Local unions complained that Bechtel received taxpayer money to take over work already being done by more experienced and qualified city employees. Local citizens and their elected officials were also deeply concerned that the management contract was just the first step towards a privatization of the water system by Bechtel.



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Hold Bechtel Accountable!

Stealing the Water from Cochabamba to Iraq

After privatizing the water systems in Cochabamba, Bolivia, in 1999, Aguas del Tunari, a subsidiary of Bechtel, implemented massive price hikes. Families earning \$60 per month faced water bills of \$20 per month overnight. Rate increases of 100% were the most common, while increases as high as 300% were reported around the city. Water was so expensive that many, particularly the poorest users, were forced to do without. After attempts to discuss the situation with both the company and the government fell on deaf ears, the citizens rose in organized protest, eventually shutting down the city with a general strike. At best, Bechtel sat and waited while the Bolivian government defended Bechtel's right to privatize the water with deadly force—killing at least one 17-year old boy and wounding hundreds more. But the people would not back down, and the government was forced to cancel Bechtel's contract. Ignoring its own role in creating the humanitarian crisis, Bechtel responded with a \$25 million lawsuit for lost profits in a case still pending at a World Bank court.

On May 1, the *Wall Street Journal* revealed a Bush Administration paper outlining a “broad based Mass Privatization Plan” for Iraq, including “the privatization of state-owned industries such as parts of the oil sector.” Neither members of Congress nor the American public have seen this paper. There is reason to speculate, however that water privatization may well be included on Bush's privatization list.

The Bush Administration actually tried to impose a privatized water distribution system in Iraq already. U.S. Army Colonel David Bassert of the 354th Civil Affairs Brigade in Iraq told the *New York Daily News* that the Americans wanted to arrange for Iraqi contractors to sell water for a profit in Umm Qasr in order to nudge the Iraqis into free-market practices “so they don't get used to a welfare system.” The British, on the other hand, wanted to provide the water for free, noting that a barter system for water had existed for generations in Iraq and there was no reason to alter the system now. Such reason and humanitarian compassion prevailed for the moment—but Bechtel wasn't in Iraq then. It is now.

Chemical and Conventional Weapons in Iraq

Bechtel not only disregarded Iraq's chemical warfare atrocities, it may have helped create them.

Bechtel signed a contract to consult in the construction of a petrochemical complex (PC-2) south of Baghdad, just four months after the Hussein government infamously “gassed the Kurds” with mustard gas. The Bechtel design involved “dual-use” technology. According to *Middle East Defense News*, “a key feature of the PC-2 project was the plan to manufacture ethylene oxide, a precursor chemical easily converted to thyodiglycol, which is used in one step to make mustard gas.” When UN weapons inspectors arrived in 1991, they declared that the industrial complex including PC-2 was a major part of the “smoking gun” proving Iraq was pursuing a “Weapons of Mass Destruction” (WMD) program.

After sanctions led to Iraq defaulting in 1990, US taxpayers paid for Bechtel's construction of this chemical weapons factory, creating Iraq's potential for WMD manufacture. Now in 2003, the taxpayers are paying Bechtel \$680 million to rebuild Iraq after the US destroyed and invaded the country under the pretext of preventing Iraq from acquiring the WMDs Bechtel helped make possible.

Human Need Not Corporate Greed Must Take Precedence in Iraq.

Nuclear Nightmare: Tarapur, India

Bechtel built the first commercial nuclear power plant in India, 60 miles north of Bombay, supposedly a showcase for nuclear technology exportation. When problems arose, Bechtel's architects, engineers, and the reactor suppliers failed to offer India assistance. A visiting AEC official saw Indian workers pushing radioactive waste with bamboo poles; the radiation levels in the Arabian Sea were so high all fishing was banned in the area; and the plant was strewn with radioactive waste. This was caused in part by a Bechtel design flaw: the waste generated exceeded the plant's capacity. A construction flaw left the network of pipes, pumps, and valves was leaking so badly it was described as “a sieve”: three to four thousand gallons of radioactive waste daily in one section of the plant alone. Up to 1,500 workers suffered extremely high radiation doses; during a refueling outage in May 1973, 400 people suffered severe exposure. Bechtel ignored all these issues until concluding international outcry would harm further global marketing. Finally, India used Tarapur plutonium for their first nuclear detonation, underscoring Bechtel's role in nuclear weapons proliferation.