

Bechtel in Iraq



Allegations of war profiteering are nothing new to Bechtel. The company made over \$100 million from World War II—a number high enough to attract the attention of Congressional investigators holding hearings on war profiteering. During the hearings to confirm Bechtel's wartime partner John McCone as Commissioner of the Atomic Energy Commission, Ralph Casey of the U.S. General Accounting Office criticized McCone and other wartime manufacturers for excessive wartime profits. Casey pointed out that "at no time in the history of American business, whether in wartime or in peacetime, have so many men made so much money with so little risk, and all at the expense of the taxpayers, not only of this generation but of generations to come." McCone's appointment was approved despite this condemnation.

Bechtel also has a long history of taking U.S. taxpayer money to subsidize partnerships with dubious governments, at extreme social and environmental costs. Bechtel's intimate revolving door with the U.S. government facilitates access both to U.S. taxpayer money and to insider deals with governments of strategic interests to the U.S.

As described in stunning detail by the Sustainable Energy and Economy Network/Institute for Policy Studies in a May, 2003 report, the interplay between Bechtel, the U.S. government, dubious business partners, national security, high profits and extreme social harm are at their most blatant in Bechtel's dealings with the Iraqi government of Saddam Hussein.

The Aqaba Pipeline

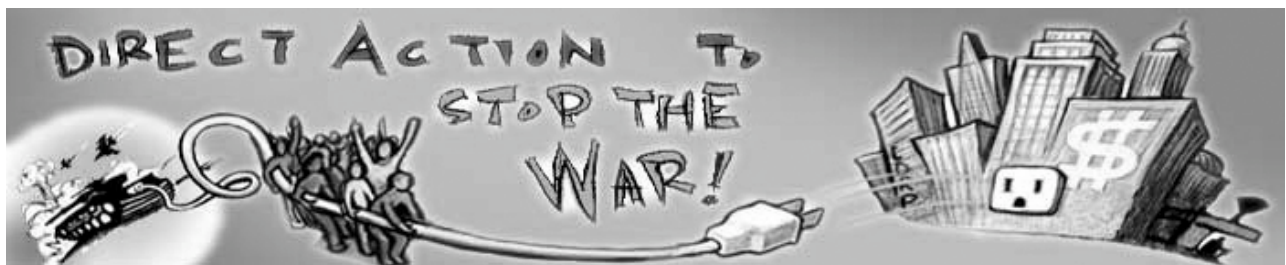
From 1983 to 1988, Iraqi warplanes dropped between 13,000 and 19,500 chemical bombs on the people of Iraq and Iran. During this same time period, Bechtel and its allies in the Reagan Administration aggressively lobbied the Iraqi government to contract Bechtel to build an oil pipeline from Iraq to the Gulf of Aqaba, Jordan. Bechtel not only ignored the monumental humanitarian atrocities perpetrated by their Iraqi business associates; they took steps to ensure their business deal would not be harmed by official U.S. government condemnation of the Iraqi crimes.

Then Secretary of State George Shultz orchestrated the initial discussions with Iraq in 1983 on behalf of his former employer, Bechtel. Between serving as President Richard Nixon's Secretary of Treasury and President Ronald Reagan's Secretary of State, Shultz worked eight years as Bechtel's president and director. He is currently both a board member and senior counselor. Behind the scenes, Shultz composed Donald Rumsfeld's pipeline pitch to Saddam. At the time, Rumsfeld was officially serving as special envoy on a peace mission to the Middle East.

Negotiations between the U.S. government, Bechtel and Iraq continued unabated while the U.S. government condemned Iraq's use of chemical weapons against Iran. In fact, on March 24, 1984, just fifteen days after the official condemnation, Shultz warned Rumsfeld he was worried about the condemnation's impact on U.S.-Iraq relations and the pipeline deal. Two days later, Rumsfeld met with Iraqi Deputy Prime Minister Tariq Aziz in Baghdad to further pipeline discussions.

Bechtel's cozy government relations have made it uniquely successful in securing U.S. taxpayer subsidies for their building efforts; Iraq is no exception. In June 1984, Bechtel successfully secured \$484.5 million in U.S. taxpayer loan guarantees from the U.S. government's Export-Import bank—for Iraq's use on the Aqaba pipeline. One month later, Bechtel itself applied for \$85 million in U.S. taxpayer political risk insurance from the U.S. government's Overseas Private Investment Corporation (OPIC). Then, in a move reminiscent of their current contract deal in Iraq, Attorney General Edward Meese suggested in June, 1985 that the National Security Council work to figure out a financing arrangement for the pipeline that would not require congressional approval.

Ultimately, the deal was unsuccessful because of Iraqi concerns over the safety of the pipeline's passage through Israel; in 1985 Hussein called off the deal. However, as late as 1987, Bechtel asked OPIC to continue its registration for the project. Now Hussein is out and Bechtel is in – this time, pumping water instead of oil.



Chemical and Conventional Weapons in Iraq

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

Bechtel signed a 1988 contract to manage the engineering and construction of a petrochemical plant near Baghdad. Many have worried that Iraq has used the plant to develop chemical weapons. Consider the following startling findings: 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 that is easily converted to thiodiglycol, 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.

The U.S. Dept. of Agriculture's Commodity Credit Corporation (CCC) funded Bechtel's construction of the PC-2. The CCC is designed to create export markets for US farmers, but, in the 1980s, the Reagan-Bush Administrations used it as a "piggy bank" to covertly arm Iraq. The Atlanta branch of the Banca Nazionale del Lavoro (B.N.L.) used CCC guaranteed loan to fund Bechtel's construction of the PC-2 project—obviously not a grain purchase.

After the 1990 imposition of sanctions, Iraq defaulted on this loan. In other words, in 1990, US taxpayers paid for Bechtel's construction of an Iraqi chemical weapons factory, creating their 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 WMDs. Bechtel ignored this potential use of its plant; its handiwork may well have been used to build WMDs then used against thousands of innocent civilians.

Finally, Andreas Zumach, a journalist for *Die Tageszeitung*, a Berlin newspaper, is quoted in the *San Francisco Chronicle* as saying that Bechtel "helped Iraq develop conventional weapons." Zumach's information comes from a document he obtained which Iraq was compelled to submit to the UN Security Council as part of the continuing investigation into whether Iraq has WMDs.

Human Need, Not Corporate Greed Must Take Precedence in Iraq.

Bechtel profited from Hussein regime, and would have made a great deal more had they had their way. Their employees influenced the decision to go to war against Iraq in the first place. They should not now profit off of the destruction brought by Hussein and the U.S. government.

Two wars and over a decade of sanctions have crippled Iraq's infrastructure. It is imperative that the humanitarian needs of the Iraqi people—particularly the right to self-determination—take precedence in the rebuilding effort. The control of Iraq's resources and reconstruction should not be in Bechtel's hands, but the hands of the Iraqi people, humanitarian relief organizations and the United Nations.

Hold Bechtel Accountable!