

# Cheney's Iraq War, Privatization, And BRAC Behind Walter Reed Scandal

by Carl Osgood

The recent, widely publicized scandal surrounding the treatment of wounded soldiers who are outpatients at Walter Reed Army Medical Center has put the spotlight not only on how the Bush Administration regards wounded service members who are no longer medically fit for combat duty, but also on a policy agenda which subordinates the proper mission orientation of government to an ideological agenda. The scandal, so far, has led to the firing of Secretary of the Army Francis Harvey, Walter Reed commander Maj. Gen. George Weightman, and a number of lower ranking soldiers, along with promises to investigate and fix what went wrong, in the face of angry recriminations from members of Congress and veterans' groups all across the country. Congressional hearings have opened up the possibility of re-examining such policy decisions as the 2005 decision to close Walter Reed as part of that year's round of base closings and the privatization of services on military bases that have traditionally been provided by military or Federal civilian personnel.

There is one other factor that, so far, has only been noted by this news service: the real estate factor. *EIR* founder Lyndon LaRouche charged in 2005 that the BRAC (Base Realignment and Closure) was motivated in part to prop up the real estate bubble. In the case of Walter Reed, the desirability of the land it sits on in Northwest Washington was hyped by the *Washington Post* in an article published just days after the BRAC list was released by the Pentagon. "There's not 113 acres anywhere around here that's going to be available," the *Post* quoted one developer as saying. Ironical, given that it was the *Post* which broke the current scandal in the first place, with a series of articles on Feb. 18 and 19 exposing the treatment and living conditions that outpatients at Walter Reed were being forced to endure.

The Bush-Cheney Administration came into office in January 2001 with, among other things, an ideological commitment to privatizing as many Federal jobs as possible. The Administration stated its intent, in its 2002 management agenda, to compete as much as 50% of all Federal jobs, by describing them as "commercial" in nature. That process, combined with the BRAC decision, created so much turbulence in the Walter Reed civilian workforce that its garrison commander was warning, last Summer, of the danger of "mission failure" if the turbulence was not addressed. The competi-

itive sourcing initiative, governed by Office of Management and Budget Circular A-76, actually has its origins in the mid-1990s, however, as part of then-Vice President Al Gore's Reinventing Government scheme.

## Hedge Funds Targeting Military Logistics

While the *Washington Post* and other news coverage has focussed primarily on the conduct of the Army and the Pentagon, the House Oversight Committee pointed out, on March 2, that the company which won the contract to take over base support services at Walter Reed had connections to Dick Cheney's Halliburton. In a March 2 letter to Weightman, Oversight Committee chairman Henry Waxman (D-Calif.) and National Security Subcommittee chairman John Tierney (D-Mass.) noted that the company, IAP Worldwide Services, is run by Al Neffgen, who previously was Chief Operating Officer of Government and Infrastructure for the Americas Region at Halliburton subsidiary KBR. Neffgen had testified before the Oversight Committee on July 22, 2004, defending KBR's overcharging for importing gasoline into Iraq from Kuwait.

Moreover, IAP is owned by the notorious hedge fund Cerberus Capital Management, which, among other things, has been deeply involved in the takedown of the U.S. auto industry. Cerberus brought Neffgen in to run IAP in December of 2004, six months after becoming the majority owner of the firm. Neffgen was followed by Dave Swindle, vice president of KBR's business acquisition and national security programs, who became president of IAP in May 2005, and Chuck Dominy, a retired general who was Halliburton's chief lobbyist in Washington, and who became IAP's vice president for government affairs in July 2005.

While IAP has held a number of small logistics contracts from both the Navy and the Air Force, Cerberus apparently decided sometime in 2006 it wanted a bigger slice of the pie. It hired former Treasury Secretary John Snow as its chief, and within days, IAP was bidding on a piece of a giant Army program known as LOGCAP, or Logistics Civil Augmentation Program, which contracts out the logistics support of Army forces in the field. LOGCAP had heretofore been the exclusive domain of Halliburton, but the Army decided, last year, to break it up into three contracts, each worth potentially

as much as \$50 billion, and put them all up for separate bids.

IAP did not actually begin work at Walter Reed until Feb. 4 of this year, but that date was preceded by a long drawn-out process of competing for the work which began with an A-76 study initiated by the Army in 2000. The study finally concluded in September of 2004 that Walter Reed's Federal workers could do the job for \$7 million less than the contractor. However, when the contractor protested, the Army Audit Agency recalculated the bids, and it eventually reversed the decision in favor of IAP.

The contract was finally awarded in January of 2006 and apparently, not long after, an exodus of Federal workers began. A September 2006 memo, which was released by the House Oversight Committee on March 2, from Walter Reed's garrison commander, Col. Peter Garibaldi, to commander Weightman, warned that between BRAC and the reduction in force brought on by the privatization, "we face critical issues of retaining skilled clinical personnel for the hospital and diverse professionals for the Garrison while confronted with increased difficulties in hiring." Garibaldi asked for Army Medical Command authority to hire more people to replace those who were streaming out. Garibaldi's memo concluded with a warning that, "Without favorable consideration of these requests, WRAMC Base Operations and patient care services are at risk of mission failure." Army Surgeon General Lt. Gen. Kevin C. Kiley testified on March 5 to the National Security Subcommittee that he did give that authority, but that Garibaldi was unable to follow through on hiring for about 80 positions, because qualified individuals would not take jobs that were about to be turned over to the contractor.

The Army says that a re-audit of the employee bid, which was sparked by the contractor's protest, showed that the original audit did not cover all of the work performed and, therefore, the Army Audit Agency had to withdraw its original audit. This explanation is not sitting well on Capitol Hill, however. House Oversight Committee chairman Waxman, who has led efforts in the House to investigate the Bush Administration's heavy reliance on contractors, declared at the March 5 hearing that "In Iraq, we're overpaying for the work of contractors, and here [at Walter Reed], we're underserving the military and something has to be done." Both Weightman and Kiley admitted, under questioning from D.C. Delegate Eleanor Holmes Norton (D) that the combined effects of A-76 and BRAC were "two huge impacts" on the civilian workforce at Walter Reed. Tierney indicated, at the conclusion of the hearing, that the privatization process would be subject to further scrutiny by the subcommittee, and asked Army leaders for their cooperation in securing further documentation to aid the subcommittee's investigation.

### **BRAC Also Coming Under Scrutiny**

At the time the base closure list was released, Pentagon statements hailed the decision to close Walter Reed and replace it with new facilities at the Bethesda Naval Hospital in

Maryland and at Fort Belvoir in Virginia as transforming "legacy medical infrastructure into a premier, modernized joint operational medicine platform." Kiley testified at the March 5 hearing, however, that, during the Pentagon's internal deliberations to develop the base closing list, he had actually recommended that Walter Reed be kept open. A Feb. 25, 2005 Pentagon memo reports that, during a meeting of the medical base closing group, the Army representative had expressed concern that the closing of Walter Reed "hinders their [the Army's] ability to meet surge requirements and appropriately care for soldiers and their families."

The chairman of the group, then-Air Force Surgeon General Lt. Gen. George Taylor, replied that there would be no loss of capability from closing Walter Reed because of the proposed new facilities and that Walter Reed's infrastructure will have to be replaced in 10 to 20 years, anyway. In fact, it appears from the BRAC documentation, that the Army representative on the medical group consistently opposed recommendations to close Walter Reed throughout the group's deliberations. When the Walter Reed proposal came before the BRAC Commission on Aug. 25, 2005, the commission brushed aside concerns from both within and outside the Army, and approved the recommendation by an 8-0 vote.

With the revelations concerning the treatment of outpatients at Walter Reed, the decision to close the entire campus has been re-opened. Norton introduced legislation March 8 to prohibit the closing of the base. She said that the disruptions in outpatient care that had been disclosed by the *Washington Post* and in Congressional hearings call for this rare reversal, "to stop the proverbial bleeding of staff and talent . . . and to stop the madness of closing the nation's most vital and best military hospital in the middle of a shooting war and the war on terrorism." She also said that Defense Appropriations Subcommittee chairman John Murtha (D-Pa.) promised her that her bill will be incorporated into the fiscal 2007 war supplemental spending bill.

Similar sympathies were expressed in a hearing of the Senate Armed Services Committee on March 6. Sen. Hillary Clinton (D-N.Y.) called the BRAC decision "demoralizing," and said that it has "undermined an already fragile system." Sen. James Webb (D-Va.) noted that continuing consolidation of medical facilities, which has been taking place under BRAC since the early 1990s, makes it difficult to retain experienced staff. The only dissent came from Sen. John Warner (R-Va.) who urged the committee, instead, to expedite the \$2 billion in funding for the new facilities at Bethesda and Fort Belvoir.

Multiple investigations are now underway to determine how the situation at Walter Reed was allowed to develop and to make changes to insure such problems never arise, again. However, without addressing the Bush-Cheney policies which led to the Iraq War, and the destruction of the military, it is likely that there will be more Walter Reed-type scandals in the future.