

But then, if financial scandals made you blush, the entire reconstruction of Iraq would be pretty mortifying. From the start, its architects rejected the idea that it should be a New Deal-style public works project for Iraqis to reclaim their country. Instead, it was treated as an ideological experiment in privatisation. The dream was for multinational firms, mostly from the US, to swoop in and dazzle the Iraqis with their speed and efficiency.



A woman walks past a bullet-damaged store window in the Sunni district of Adhamiya in Baghdad. Frequent clashes are reported between resistance and coalition forces in this

Iraqis saw something else: desperately needed jobs going to Americans, Europeans and south Asians; roads crowded with trucks shipping in supplies produced in foreign plants, while Iraqi factories were not even supplied with emergency generators. As a result, the reconstruction was seen not as a recovery from war but as an extension of the occupation, a foreign invasion of a different sort. And so, as the resistance grew, the reconstruction itself became a prime target.

The contractors have responded by behaving even more like an invading army, building elaborate fortresses in the green zone - the walled-in city within a city that houses the occupation authority in Baghdad and sur-

rounding themselves with mercenaries. And being hated is expensive. According to the latest estimates, security costs are eating up 25 per cent of reconstruction contracts - money not being spent on hospitals, water-treatment plants or telephone exchanges.

Meanwhile, insurance brokers selling sudden-death policies to contractors in Iraq have doubled their premiums, with insurance costs reaching 30 per cent of payroll. That means many companies are spending half their budgets arming and insuring themselves against the people they are supposedly in Iraq to help. And, according to Charles Adwan of Transparency International, quoted on US National Public Radio's Marketplace programme, "at least 20% of US spending in Iraq is lost to corruption". How much is actually left over for reconstruction? Don't do the maths.

Rather than models of speed and efficiency, the contractors look more like overcharging, underperforming, lumbering beasts, barely able to move for fear of the hatred they have helped generate. The problem goes well beyond the latest reports of Halliburton drivers abandoning \$85,000 trucks on the road because they don't carry spare tyres. Private contractors are also accused of playing leadership roles in the torture of prisoners at Abu Ghraib. A landmark class-action lawsuit filed by the Centre for Constitutional Rights alleges that Titan Corporation and CACI International conspired to "humiliate, torture and abuse persons" in order to increase demand for their "interrogation services".

And then there's Aegis, the company being paid \$293m to save the PMO from embarrassment. It turns out that Aegis's CEO, Tim Spicer, has a bit of an embarrassing past himself. In the '90s, he helped to put down rebels and stage a military coup in Papua New Guinea, as well as hatching a plan to break an arms embargo in Sierra Leone.

If Iraq's occupiers were capable of feeling shame, they might have responded by imposing tough new regulations. Instead, Senate Republicans have just defeated an attempt to bar private contractors from interrogating prisoners and also voted down a proposal to impose stiffer penalties on contractors who overcharge. Meanwhile, the White House is also trying to get immunity from prosecution for US contractors in Iraq and has requested the exemption from the new prime minister, Iyad Allawi.

It seems likely that Allawi will agree, since he is, after all, a kind of US contractor himself. A former CIA spy, he is already threatening to declare martial law, while his defence minister says of resistance fighters: "We will cut off their hands, and we will behead them." In a final feat of outsourcing, Iraqi governance has been subcontracted to even more brutal surrogates. Is this embarrassing, after an invasion to overthrow a dictatorship? Not at all; this is what the occupiers call "sovereignty". The Aegis guys can relax -- embarrassment is not going to be an issue.

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