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JOB DESTRUCTION NEWSLETTER  
by Rob Sanchez  
September 12, 2005 No. 1328  
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Natural disasters such as hurricane Katrina create the need for reconstruction, and wherever there are lucrative construction contracts there will be fat profits for corporations and jobs created in a variety construction related industries. We know who is going to win the contracts but much less has been said about who is going to do the actual work, and at what price.

To understand who is going to get those jobs we need to look at several seemingly unrelated events. Once these events are put in chronological order, the puzzle starts to fit together, and the answer becomes quite obvious.

\*\*\* Jul 2004 \*\*\*

Kellogg, Brown & Root Services Inc. won a competitive bid contract to provide debris removal and other emergency work associated with natural disasters. In a real sense KBR was sitting atop a gold mine that they could only tap if a major disaster like Katrina occurred. KBR is a subsidiary of Halliburton, the company that Vice President Dick Cheney used to head as CEO.

\*\*\* Oct 29, 2005 \*\*\*

Hurricane Katrina makes landfall

\*\*\* Sept 4, 2005 \*\*\*

KBR wasn't the only big-buck corporation to win rebuilding contracts. Other companies with close ties to the Bush administration to win lucrative projects include the Shaw Group and Bechtel.

\*\*\* Sept 6, 2005 \*\*\*

The DHS announced that it will not require employers to use I-9 forms. The I-9 form is used by employers to verify that their employees are eligible to work in the United States. Without the I-9 requirement employers will be able to hire illegal aliens without the fear they could be sanctioned. As we all know the I-9 form doesn't do much to deter unscrupulous employers from hiring illegal aliens, but now even that tiny amount of regulation is gone.

\*\*\* Sept 8, 2005 \*\*\*

U.S. President George W. Bush issued an executive order allowing federal contractors rebuilding in the aftermath of Hurricane Katrina to pay below the prevailing wage.

If the pieces of this puzzle don't quite fit together for you yet, allow me complete the picture: According to B. Lindsay Lowell, director of research at the Pew Hispanic Center, there are about 600,000 to 800,000 illegal aliens that are currently employed in the US construction industry. The large majority of them

are Mexicans, and Mexicans are dominating the industry throughout the entire U.S.

**So let me spell out what's going on: President Bush has authorized the robber barons to use illegal aliens to rebuild the damage done by Katrina. Bush Inc. won't have to worry about breaking immigration laws because they exempted themselves. NO LAW, NO WORRY! Companies such as Halliburton will reap immense profits from their contracts while low paid illegal aliens toil in the disease-infested floodwaters of New Orleans.**

The Lou Dobbs show on the 9th had an interesting interview with Richard Trumka of the AFL-CIO. He recognizes that Bush's repeal of the Davis-Bacon act is going to nuke any vestige of unions that are left in the South, but Trumka chose to ignore the fact that the illegal aliens the unions covet are going to be used as agents to destroy wages and wreak havoc on all attempts to organize near the hurricane damage zone. We all know that Bush and his cronies want to destroy organized labor, and Katrina was the perfect storm that they needed.

RICHARD TRUMKA, AFL-CIO: Suspension of Davis-Bacon is a shameful government-sponsored wage race to the bottom for workers. It will allow workers to be exploited at a time whenever they need their government's help the most.

**All of you have seen the pictures of the homeless and dispossessed that have been forced into shelters such as the Superdome. It's an undeniable fact that most of them are poor African Americans that are in desperate need of those construction jobs. While the evacuees sleep on cots in the Superdome and spend their \$2,000 debit cards to survive, the illegal aliens, who are mostly Mexican, will go to work to rebuild New Orleans. Bush and Cheney will probably call this "competitive bidding", but I think a better name for this behavior would be "ethnic cleansing".**

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Material Used for Newsletter

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<http://transcripts.cnn.com/TRANSCRIPTS/0509/09/ldt.01.html>

CNN/Lou Dobbs Transcript

Aired September 9, 2005

<http://www.dhs.gov/dhspublic/display?theme=43&content=4788&print=true>

Notice Regarding I-9 Documentation Requirements for Hiring Hurricane Victims

[http://today.reuters.com/investing/financeArticle.aspx?type=bondsNews&storyID=URI:urn:newsml:reuters.com:20050908:MTFH96214\\_2005-09-08\\_23-35-25\\_No8299740:1](http://today.reuters.com/investing/financeArticle.aspx?type=bondsNews&storyID=URI:urn:newsml:reuters.com:20050908:MTFH96214_2005-09-08_23-35-25_No8299740:1)

Bush allows contractors to pay lower wages  
[http://money.cnn.com/2005/09/12/news/economy/katrina\\_contracts.reut/index.htm](http://money.cnn.com/2005/09/12/news/economy/katrina_contracts.reut/index.htm)

Bush allies getting Katrina work

[http://www.washingtonpost.com/wp-dyn/content/article/2005/09/04/AR2005090401193\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2005/09/04/AR2005090401193_pf.html)

Halliburton Subsidiary Taps Contract For Repairs

**CREDITS: Dr. Gene Nelson was instrumental in providing research for this newsletter, and for helping to piece the puzzle together.**

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<http://transcripts.cnn.com/TRANSCRIPTS/0509/09/ldt.01.html>

Aired September 9, 2005 - 18:00 ET

DOBBS: There's outrage tonight over a presidential decision today that could hurt Gulf Coast workers looking to rebuild their lives and earn a living.

President Bush has waived rules that would require federally funded contractors to pay a competitive wage to workers in the cleanup and rebuilding efforts. Critics call this an unfair giveaway to big business trying to profit from the hurricane disaster.

Lisa Sylvester has our report.

(BEGIN VIDEOTAPE)

LISA SYLVESTER, CNN CORRESPONDENT (voice-over): Tens of thousands of Gulf Coast residents lost everything they own to Hurricane Katrina, but critics say a new executive order signed by President Bush will push down wages, making it harder for them to rebuild their lives.

RICHARD TRUMKA, AFL-CIO: Suspension of Davis-Bacon is a shameful government-sponsored wage race to the bottom for workers. It will allow workers to be exploited at a time whenever they need their government's help the most.

SYLVESTER: The White House is lifting part of the Davis-Bacon Act, created during the Great Depression. It requires companies receiving federal contracts to pay at least the average wage for the region.

Congressional Republicans who support the waiver argue it will save time and money.

REP. MARILYN MUSGRAVE (R), COLORADO: It's imperative that we have reconstruction start as quickly as possible, and when we're appropriating over \$60 billion and more to come, that we get the very best for the money that

American taxpayers have invested in this reconstruction.

SYLVESTER: Davis-Bacon has been waived before, by President Roosevelt for three weeks during the New Deal transition, by President Nixon for one month in 1971 to reduce inflationary pressure, and by President George H.W. Bush after Hurricane Andrew. It was reinstated when President Clinton took office, all short-term waivers. But this order is open-ended. For construction workers in the Gulf region, it means contractors won't even have to meet the average wage of \$9 an hour, adding more hurt for the poorest of the poor.

REP. GEORGE MILLER (D), CALIFORNIA: It really is an outrageous situation, that the very same people that we saw who were left behind because of their low wages -- they didn't have money to put gas in the car to get out of town; they didn't have a car; they didn't have the means to get out of town -- those very some people now have had the wage protections taken away.

(END VIDEOTAPE)

SYLVESTER: The AFL-CIO notes that three of Florida's largest counties, Miami-Dade, Broward and Monroe, are included in the president's waiver. And these counties had relatively little storm damage, but yet they're included on the list. And that will affect a number of federal contracts there -- Lou.

DOBBS: Do we know just whose idea it was? We know the president takes responsibility and signed it, which is, by any standard, highly questionable in terms of its impact on the people who have been punished so severely by Katrina. Now to rebuild it, they would have to suffer this indignity, as well?

SYLVESTER: Well, we interviewed one of the people who one of the point people on Capitol Hill. This was actually generated from Capitol Hill. A letter was sent by a number of members of Congress asking him to waive this act.

One of the members is Representative Marilyn Musgrave, who we interviewed in our piece.

DOBBS: Right.

SYLVESTER: Another Jeff Blake from Arizona, so some more questions to be asked, Lou.

DOBBS: A lot of questions, and the penalty here obviously against the very people who need the most help. Lisa Sylvester, thank you very much.

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<http://www.dhs.gov/dhspublic/display?theme=43&content=4788&print=true>

Notice Regarding I-9 Documentation Requirements for Hiring Hurricane Victims  
For Immediate Release  
Office of the Press Secretary  
Contact: 202-282-8010  
September 6, 2005

The Department of Homeland Security (DHS) announced today that it will not sanction employers for hiring victims of Hurricane Katrina who, at this time, are unable to provide documentation normally required under Section 274A of the Immigration and Nationality Act. DHS will not bring sanction actions against employers for hiring individuals evacuated or displaced as a result of Hurricane Katrina otherwise eligible for employment but who currently lack personal documents.

U.S. employers are responsible for completing and retaining Employment Eligibility Verification (I-9) Forms for individuals they hire for employment. This form requires employers to verify employment eligibility and establish identity through original documents presented by the employee. For victims of Hurricane Katrina, many individuals lack these documents as a result of being evacuated from their homes, loss or damage to personal items and records, and ongoing displacement in shelters and temporary housing. Additionally, as a result of the widespread damage and destruction to government facilities in the area affected by the hurricane it can be expected that many victims will be unable to apply and receive new documents in the period of time required by the employment verification rules.

Therefore, the Department of Homeland Security will refrain from initiating employer sanction enforcement actions for the next 45 days for civil violations, under Section 274A of the Immigration and Nationality Act, with regard to individuals who are currently unable to provide identity and eligibility documents as a result of the hurricane. Employers will still need to complete the Employment Eligibility Verification (I-9) Form as much as possible but should note at this time that the documentation normally required is not available due to the events involving Hurricane Katrina. At the end of 45 days, the Department of Homeland Security will review this policy and make further recommendations.

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[http://today.reuters.com/investing/financeArticle.aspx?type=bondsNews&storyID=URI:urn:newsml:reuters.com:20050908:MTFH96214\\_2005-09-08\\_23-35-25\\_No8299740:1](http://today.reuters.com/investing/financeArticle.aspx?type=bondsNews&storyID=URI:urn:newsml:reuters.com:20050908:MTFH96214_2005-09-08_23-35-25_No8299740:1)

Bush allows contractors to pay lower wages  
Thu Sep 8, 2005 7:34 PM ET

WASHINGTON, Sept 8 (Reuters) - U.S. President George W. Bush issued an executive order on Thursday allowing federal contractors rebuilding in the aftermath of Hurricane Katrina to pay below the prevailing wage.

In a notice to Congress, Bush said the hurricane had caused "a national emergency" that permits him to take such action under the 1931 Davis-Bacon Act in ravaged areas of Alabama, Florida, Louisiana and Mississippi.

Bush's action came as the federal government moved to provide billions of dollars in aid, and drew rebukes from two of organized labor's biggest friends in Congress, Rep. George Miller of California and Sen. Edward Kennedy of Massachusetts, both Democrats.

"The administration is using the devastation of Hurricane Katrina to cut the wages of people desperately trying to rebuild their lives and their communities," Miller said.

"President Bush should immediately realize the colossal mistake he has made in signing this order and rescind it and ensure that America puts its people back to work in the wake of Katrina at wages that will get them and their families back on their feet," Miller said.

"I regret the president's decision," said Kennedy.

"One of the things the American people are very concerned about is shabby work and that certainly is true about the families whose houses are going to be rebuilt and buildings that are going to be restored," Kennedy said.

The Davis-Bacon law requires federal contractors to pay workers at least the prevailing wages in the area where the work is conducted. It applies to federally funded construction projects such as highways and bridges.

Bush's executive order suspends the requirements of the Davis-Bacon law for designated areas hit by the storm.

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[http://money.cnn.com/2005/09/12/news/economy/katrina\\_contracts.reut/index.htm](http://money.cnn.com/2005/09/12/news/economy/katrina_contracts.reut/index.htm)

Bush allies getting Katrina work

Companies with ties to the White House among the first awarded reconstruction deals.

September 12, 2005: 5:57 AM EDT

WASHINGTON (Reuters) - Companies with ties to the Bush White House and the former head of FEMA are clinching some of the administration's first disaster relief and reconstruction contracts in the aftermath of Hurricane Katrina.

At least two major corporate clients of lobbyist Joe Allbaugh, President Bush's

former campaign manager and a former head of the Federal Emergency Management Agency, have already been tapped to start recovery work along the battered Gulf Coast.

One is Shaw Group Inc. (Research) and the other is Halliburton Co. (Research) subsidiary Kellogg Brown and Root. Vice President Dick Cheney is a former head of Halliburton.

Bechtel National Inc., a unit of San Francisco-based Bechtel Corp., has also been selected by FEMA to provide short-term housing for people displaced by the hurricane. Bush named Bechtel's CEO to his Export Council and put the former CEO of Bechtel Energy in charge of the Overseas Private Investment Corporation.

Experts say it has been common practice in both Republican and Democratic administrations for policy makers to take lobbying jobs once they leave office, and many of the same companies seeking contracts in the wake of Hurricane Katrina have already received billions of dollars for work in Iraq.

Halliburton alone has earned more than \$9 billion. Pentagon audits released by Democrats in June showed \$1.03 billion in "questioned" costs and \$422 million in "unsupported" costs for Halliburton's work in Iraq.

But the web of Bush administration connections is attracting renewed attention from watchdog groups in the post-Katrina reconstruction rush. Congress has already appropriated more than \$60 billion in emergency funding as a down payment on recovery efforts projected to cost well over \$100 billion.

"The government has got to stop stacking senior positions with people who are repeatedly cashing in on the public trust in order to further private commercial interests," said Danielle Brian, executive director of the Project on Government Oversight.

Halliburton ties

Allbaugh formally registered as a lobbyist for Halliburton subsidiary Kellogg Brown and Root in February.

In lobbying disclosure forms filed with the Senate, Allbaugh said his goal was to "educate the congressional and executive branch on defense, disaster relief and homeland security issues affecting Kellogg Brown and Root."

Melissa Norcross, a Halliburton spokeswoman, said Allbaugh has not, since he was hired, "consulted on any specific contracts that the company is considering pursuing, nor has he been tasked by the company with any lobbying responsibilities."

Allbaugh is also a friend of Michael Brown, director of FEMA who was removed as head of Katrina disaster relief and sent back to Washington amid allegations

he had padded his resume.

A few months after Allbaugh was hired by Halliburton, the company retained another high-level Bush appointee, Kirk Van Tine.

Van Tine registered as a lobbyist for Halliburton six months after resigning as deputy transportation secretary, a position he held from December 2003 to December 2004.

On Friday, Kellogg Brown & Root received \$29.8 million in Pentagon contracts to begin rebuilding Navy bases in Louisiana and Mississippi. Norcross said the work was covered under a contract that the company negotiated before Allbaugh was hired.

Halliburton continues to be a source of income for Cheney, who served as its chief executive officer from 1995 until 2000 when he joined the Republican ticket for the White House. According to tax filings released in April, Cheney's income included \$194,852 in deferred pay from the company, which has also won billion-dollar government contracts in Iraq.

Cheney's office said the amount of deferred compensation is fixed and is not affected by Halliburton's current economic performance or earnings.

Allbaugh's other major client, Baton Rouge-based Shaw Group, has updated its Web site to say: "Hurricane Recovery Projects -- Apply Here!"

Shaw said Thursday it has received a \$100 million emergency FEMA contract for housing management and construction. Shaw also clinched a \$100 million order on Friday from the U.S. Army Corps of Engineers.

Shaw Group spokesman Chris Sammons said Allbaugh was providing the company with "general consulting on business matters," and would not say whether he played a direct role in any of the Katrina deals. "We don't comment on specific consulting activities," he said.

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[http://www.washingtonpost.com/wp-dyn/content/article/2005/09/04/AR2005090401193\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2005/09/04/AR2005090401193_pf.html)

### Halliburton Subsidiary Taps Contract For Repairs

By Lolita C. Baldor  
Associated Press  
Monday, September 5, 2005; A20

An Arlington-based Halliburton Co. subsidiary that has been criticized for its reconstruction work in Iraq has begun tapping a \$500 million Navy contract to

do emergency repairs at Gulf Coast naval and Marine facilities damaged by Hurricane Katrina.

The subsidiary, Kellogg, Brown & Root Services Inc., won the competitive bid contract last July to provide debris removal and other emergency work associated with natural disasters.

Jan Davis, a spokeswoman for the Naval Facilities Engineering Command, said yesterday that KBR would receive \$12 million for work at the Naval Air Station at Pascagoula, Miss., the Naval Station at Gulfport, Miss., and Stennis Space Center in Mississippi. KBR will receive \$4.6 million for work at two smaller Navy facilities in New Orleans and others in the South.

The company has provided similar work after major disasters in the United States and abroad for more than 15 years, including in Florida after Hurricane Andrew.

KBR has been at the center of scrutiny for receiving a five-year, no-bid contract to restore Iraqi oil fields shortly before the war began in 2003. Halliburton has reported being paid \$10.7 billion for Iraq-related government work during 2003 and 2004. The company reported its pretax profits from that work as \$163 million. Pentagon auditors have questioned tens of millions of dollars of Halliburton charges for its operations there.

Last month three congressional Democrats asked Defense Secretary Donald H. Rumsfeld to investigate the demotion of a senior civilian Army official, Bunnatine H. Greenhouse, who publicly criticized the awarding of that contract.

Vice President Cheney headed Halliburton from 1995 to 2000, and Democrats have questioned whether the firm received favorable treatment because of his connection.

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