

morning business until 1 p.m., with Senators permitted to speak therein for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DASCHLE. For the information of the Senate, as previously announced, no rollcall votes will occur on Monday. The next vote will occur on Tuesday, December 18, at 11 a.m.

ORDER FOR ADJOURNMENT

Mr. DASCHLE. Mr. President, if there is no further business to come before the Senate today, I now ask unanimous consent that the Senate stand adjourned as under the previous order, following the remarks of Senator SESSIONS.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. I thank the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

MONEY SPENT UNWISELY

Mr. SESSIONS. Mr. President, one thing we need to do a better job of in this Congress—and we do have oversight and appropriations authority for all moneys that are expended—is to make sure that those moneys have been spent wisely, efficiently, and that the taxpayers' interests are protected with the same degree of fidelity that homeowners and families protect theirs, as small business people protect theirs. We don't always do that. We spend such big sums of money that sometimes we think small matters are not that significant.

I had the responsibility a few years ago as Attorney General of Alabama to take over an office that was financially out of control. We had a huge debt facing the office the year I took office. We had to reduce personnel, substantially cut back on all kinds of things, and to reorganize the office. When it was over, even though we had lost some good people—no career people, thank goodness, but almost a third of the office, those who were political appointees; that office has never gotten close to the same number of people that it had—what we found was that working together we actually improved productivity. We did a great job. The people worked hard. They reorganized. They had a new vision.

We have a false impression that money is the only thing that answers a problem around here. Always the answer is, just give it more money. And we in Congress say: We did what we could; that is somebody else's problem.

I have initiated a program I call "Integrity Watch." It is a program in which I take time periodically to ana-

lyze bad fiscal management expenditure practices in our Government and to highlight those. The one today I take no real pleasure in. It was a sad, confusing story, but it is appropriate for the taxpayers to know the final outcome, to see what has happened, to be aware of how much it has cost us in expenditures.

Many people remember the decision by General Shinseki, Chief of Staff of the Army, to change the berets to give everybody a black beret. He set a deadline of this year, only a few months away from that date, and he had to find a whole lot of berets in a hurry. Under the Berry amendment, the Federal law requires that all clothing items be manufactured within the United States except in times of armed conflict.

What happened with the deadline that was given was, the Defense Logistics Agency, that had been delegated the authority way down the line to grant waivers of the Berry amendment, found itself in a position where they did not have sufficient American manufacturers to meet that deadline. And so based on this artificial goal by the Chief of Staff of the Army, General Shinseki, they set about to get the berets wherever they could. They issued waivers and started getting berets from all over.

They got 925,000 of them made from China, by the Communist government. Other countries were called on and agreed to manufacture in this rushed process. When that all became public and there were complaints about the beret decision to begin with and all these factors came up, there was quite an uproar. The result was that the military admitted that they had not complied at least with the spirit of the Berry amendment, that they should not utilize the Chinese-made black berets, worth \$6.5 million, and so they stored them. They paid for them. They stored them. So we now have 925,000 black berets valued at \$6.5 million not being utilized. Hopefully, some other army in the world might buy them from us, but we are certainly going to take a big hit on that.

Another thing that we learned: Some of this information came about as a result of my request to the General Accounting Office that does audits for the Congress and other agencies to determine how moneys are being spent. We just got this audit back earlier this week. The General Accounting Office report indicates a number of other things that happened.

GAO declared that the military, in order to meet its deadline, chose to shortcut normal contracting procedures. They found, for example, that the defense logistics agency awarded the first set of contracts without competition.

According to the contract documents, all the contract actions were not completed because of "an unusual and compelling urgency." The real urgency was the self-imposed deadline they set.

It also goes on to point out that these rushed up contracts hadn't worked very well. Not only were they being done substantially outside the United States by foreign suppliers in violation of congressional acts, but they weren't being performed well and had to be canceled.

The Denmark military equipment supplier which manufactured black berets in Romania agreed to supply 480,000 berets. Only 90,000 have been supplied, and the military canceled the order for 350,000.

Another one was a Bernard Cap Company, which is manufacturing the berets in South Africa but with Chinese content. They contracted to supply 750,000 berets. The cancellation has now taken place, and 442,000 were canceled.

A third contract was with Northwest Woolen Mills to have the berets manufactured in India. The number purchased was 342,000; the number delivered was 56,000; the quantity canceled was 235,000.

Every time the military has to go through a cancellation of a contract, it costs us money. We all know that. That was bad management. A lot of things happened that I think were not good. I am, however, quick to say that the Assistant Deputy Secretary of Defense, Paul Wolfowitz, early on had a study and review done of the compliance with the Berry amendment. And what they concluded was that he would direct an order, throughout the Defense Department, requiring compliance with the Berry amendment, directing that any waiver authority could not be delegated below the Under Secretary of Defense for Acquisition. That is what the problem was in this case.

It required that no waivers be granted without a full analysis of the alternative because it is easy to say there is no supplier in the United States. But had the Defense Department really searched it out to make sure that is true? Had they considered other possibilities? He directed that it be done. He achieved revisions throughout the acquisition regulations which govern our military forces as they make acquisitions. There are complex regulations and he revised them to make sure there would be no further violations of the Berry amendment. In the course of all this, he uncovered at least three cases in which the Berry amendment had apparently been violated. No one had even raised it, and no analysis or waiver had been done. They just went on and purchased military apparel outside the U.S. without any kind of waiver authority.

Now, the Chief of Staff of the Army came under a lot of criticism, and I think he told the truth. He was frank when he discussed why he did what he did and why he believed it was important. I think he made a mistake. He did not argue with people about it. He explained why he did what he did, and he believe he was justified. So I hope that is a learning experience there.

It is not enough that we just complain about waste, fraud, and abuse. My little program, called Integrity Watch, is designed to ask in some detail how can we make it better. Do we need legislation to be passed? Do we need regulations to be changed? Do we need to cut off funding? What do we need to do to improve a situation? In this case, I would say the Berry amendment is adequate. It does the task. What the problem was a cavalier attitude about how it should be administered. I also think there was an unnecessary rush to produce the berets, and it cost us a considerable amount of money, a \$26 million total contract price. So I believe the actions of the Defense Department in reinvigorating and highlighting the need to enforce the Berry amendment, to raise up the level of the personnel of the Defense Logistics Agency before anybody can grant a waiver, will probably solve that.

So I don't think legislation is needed. I am certainly not of the view that we need to pass legislation to direct how the Chief of Staff of the Army decides emergency matters. I hope through this experience, however, that he will have learned a lesson, and those who work with him will have learned a lesson, that sometimes it is better to go slow, not to set deadlines and goals that are too fast because the costs can be paid by the taxpayer and you can end up with problems such as we had in this case. You can end up with a situation where a nation is supplying berets that we don't intend to use. You can end up with a situation where contracts, because they were rushed, got canceled and where it cost more money and ended up delaying distribution of the berets.

I think this is worth highlighting. I appreciate the GAO for doing an objective and fair analysis of the situation. It was not a bright day for the Depart-

ment of Defense. In fact, it was a clear error—a kind of problem that should not have occurred. But it did occur. I believe we have all learned from it and, hopefully, in the future, this will be avoided as we go forward with the additional procurement we will be facing to make sure the men and women in uniform have the equipment, clothing, and resources they need to do the important jobs with which they are challenged.

I thank the Chair and yield the floor.

ADJOURNMENT UNTIL 12:30 P.M.,
MONDAY, DECEMBER 17, 2001

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 12:30 p.m. on Monday, December 17.

Thereupon, the Senate, at 3:14 p.m., adjourned until Monday, December 17, 2001, at 12:30 p.m.