

the leadership of General Petraeus and the men and women in uniform, Ambassador Crocker and his team, and the Iraqi people themselves.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Mr. President, I ask unanimous consent to speak for 20 minutes in morning business.

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

#### DEFENSE AUTHORIZATION BILL

Mr. SANDERS. Mr. President, the legislation we are dealing with today authorizes more than \$500 billion, and even in Washington that is a heck of a lot of money. That expenditure comes at a time when we have massive amounts of unmet needs in our country, when there is a crumbling infrastructure, a need to invest in sustainable energy, a need to address education, and many other needs. On top of all of that, we are looking at a \$9.5 trillion national debt and a record-breaking deficit.

I hear many of my colleagues come to the floor and speak about waste and fraud in all kinds of agencies and, frankly, that is appropriate. Our job as Members of Congress is to make sure we do our best to see that not one nickel—not one nickel—is spent in waste or in fraud or unwisely. But just as we should do that with the Department of Agriculture or with Human Services, we should also do it with the Defense Department; in fact, even more so with the Defense Department, because their budget is so huge—\$500 billion at a time of massive amounts of unmet needs in this country. It appears that not a week goes by when one doesn't open a newspaper or see a television program which deals with another example of horrendous waste, fraud, or abuse which takes place within the Department of Defense.

I know my colleagues on the Defense Committee, Senator LEVIN and Senator WARNER, are aware of these things and they are trying, but this is tough stuff. I think we have to raise our profile in addressing this waste, fraud, and abuse.

Just some examples: In March of this year, we learned that a 22-year-old Defense contractor peddled as much as \$300 million in old ammunition, much of it defective, to the Afghan Army and to their police forces. That is right. AEY, a fly-by-night company, landed the huge contract, despite its record of botched dealings with the State Department and Defense Department. In fact, the State Department had placed this company on a watch list of companies suspected of illegal arms transactions.

Further, the Pentagon inspector general revealed that \$321 million was paid out to cover salaries of 1,000 anonymous employees in the Iraqi Ministry of Finance. That amounts to \$320,000 per employee—not bad in Iraq where

people do very well if they make \$50 or \$60 a week, but we are not even sure that the employees saw any of this money.

We also learned not terribly long ago that the Army ousted the contracting officer overseeing Kellogg, Brown & Root's huge Iraq support contract when this distinguished public servant refused to approve paying the company more than \$1 billion in questionable charges. In other words, he did his job. He took a hard look at where this money was going. There were red flags popping up all over the place. He said: Wait a minute. We are not going to pay this money. His reward was not a commendation but his firing.

And on and on it goes. The Air Force paid a private U.S. contractor \$32 million to construct a Ramadi, Iraq airbase. That is OK, except the only problem is the contractor cashed a check and the facility was never built—\$32 million for a project never undertaken.

Another contractor was paid \$142 million to construct Iraqi prisons, fire stations, and police facilities that were either never started or never completed—\$142 million.

It is absolutely essential for us to provide the Pentagon with the budgetary means they need within that huge budget to root out waste, fraud, and abuse by contractors in war zones overseas. We also must take a close look at how money is misspent here at home—not just in Iraq or Afghanistan. The Air Force—the Air Force, needless to say—has a few airplanes, but apparently cannot ship a package directly from a depot in Corpus Christi, TX, to a National Guard unit in Oklahoma. Because of outdated freight forwarding rules, investigators discovered that one package took a 2,243-mile detour through Houston, TX, to Fort Wayne, IN, and then on to Dallas before it arrived at its destination in Oklahoma. The GAO is investigating the ridiculous shipping regulations that cost taxpayers millions of dollars.

Now, are all of these examples simply so-called bad apples or do they more likely represent a broken system with inadequate oversight? In my view, unfortunately, it is the latter. I think we have a broken system. I think we have billions and billions of taxpayers' dollars being wasted and not going where they need to go, which is to defend our country. The Pentagon's leaders have not done enough to ensure that a dollar spent means a dollar gained in national security.

Frankly, this is not a new problem. In 1940, Senator Harry Truman investigated waste and fraud by the U.S. military. During World War II he proposed the creation of a Senate special committee to investigate the national defense program. The Truman committee identified way back then in the 1940s more than \$15 billion in unnecessary and fraudulent defense spending. That is a huge amount of money. As Senator Truman put it at the time:

We intend to see that no man or corporate group of men shall profit inordinately on the blood of the boys in the fox holes.

I think what Truman said in the 1940s is absolutely true today.

Was Harry Truman unpatriotic for demanding increased congressional oversight on the War Department and defense contractors at a moment of national crisis during World War II? The answer is, of course, no, he was not. He simply demanded that, in his words:

Each dollar expended for war purposes would produce a dollar's worth of the necessary war supplies.

I think that is certainly a reasonable request supported by every taxpayer in this country.

That is why last year I and the Presiding Officer joined with other freshmen colleagues to introduce legislation calling for the creation of a commission on war contracting modeled on the Truman committee. We need such a bipartisan effort more now than ever. Today, government auditors have compiled lists of countless examples of risky and inadequate practices by the Defense Department in overseeing contracts.

The problem is not just private contractors. The Department needs to adopt better practices to stop blatant examples of wasteful and overpriced purchases.

Some examples:

The GAO—the Government Accountability Office—recently assessed 72 major weapons acquisition programs and reported a colossal \$295 billion in cost overruns on a \$1.6 trillion contract portfolio—\$295 billion in cost overruns. That is not a bad apple, that is not an aberration, that speaks to a system that is significantly broken. What is more, on average, these systems are delivered 21 months late. So these contractors end up getting far more than they were originally supposed to get and, to boot, they are almost 2 years late on delivering the product.

It gets even worse than that. The Defense Department has shelled out billions of dollars in bonuses to contractors who don't deserve them. According to one study, award and incentive fees totaling \$8 billion were granted even when the contractors did not deserve the bonuses under the Pentagon's own rules. What a bonus is supposed to be about is you get a reward when you do your job well, when you come in perhaps under contract, when you come in earlier than you had agreed to. That is what a bonus is. But unfortunately, these guys are getting these bonuses even when they perform poorly, and that is clearly unacceptable.

I wish to commend my colleagues, Senator LEVIN and Senator WARNER, for their initiative to establish a director of independent cost assessment. It is time for this Congress to impose effective acquisition controls and require the Pentagon to put its financial house in order. Even the Pentagon's own inspector general has admitted that:

The rapid growth of the DOD budget since fiscal year 2000 leaves the department increasingly more vulnerable to the fraud,

waste, and abuse that undermines the department's mission.

That is the Pentagon's own inspector general.

So it is time to engage in a serious debate over this Bush defense budget that elevates gold-plated technologies and huge contractor payouts over cogent and sensible strategy.

A little historical perspective is instructive. President Dwight David Eisenhower, a five-star general and the military commander of Europe during World War II, deplored excessive military spending and its diversion of resources away from pressing public needs—Dwight D. Eisenhower. A few days before he left office in 1961, President Eisenhower gave one of the most prophetic speeches ever given in the White House. Here is what Eisenhower—a Republican, I should add—what Eisenhower said:

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.—Dwight David Eisenhower.

Fast forward 48 years to the last months of George W. Bush's Presidency. It is remarkable how prescient Eisenhower's concerns were.

Today the budget of President Bush calls for a \$515 billion Pentagon budget. This is in addition—this is in addition—to the \$200 billion a year being spent on the wars in Iraq and Afghanistan, and it also does not include \$16 billion spent on nuclear weapons. That is why I proposed an amendment—a very modest amendment, I might say—to address one of the more egregious examples of wasteful spending in the Federal Government. The incredible amount of unneeded spare parts—what we are talking about is unneeded spare parts and other items—in the Army, Navy, Air Force, and other Department of Defense agency warehouses is measured in the billions of dollars. What we are talking about is unneeded spare parts. They don't need it, billions of dollars of unneeded spare parts.

Fixing the military inventory systems is the reason behind the amendment I have authored, along with Senator FEINGOLD and Senator WHITEHOUSE.

The Government Accountability Office—the GAO—has placed the Department of Defense inventory system on “high risk” lists year in and year out. In other words, there is a red flag attached to this line item.

The unneeded spare parts inventory and the inefficient inventory management systems are literally costing the taxpayers millions and millions of dollars each year. Worse, these unnecessary spare parts are clogging up the supply system, costing millions for storage, and are not providing the support needed for our service men and women for defending our country. More than half of the Air Force's secondary inventory—an average of \$31.4 billion—

was not needed to support service requirements. That is right. More than \$18 billion of its on-hand spare parts are beyond the needs of the Air Force. Imagine that: \$18 billion in unneeded spare parts. We have Air Force warehouses full of parts that are simply not needed.

It gets even worse than that. The Air Force has on order \$235 million in inventory already identified as ready for disposal. In case you didn't catch that: \$235 million in inventory already identified as ready for disposal. So \$235 million worth of parts not even delivered to the Air Force's warehouses will be ready for disposal by the time they arrive. Now, that may make sense to somebody—maybe the people who make money producing the stuff. It certainly does not make sense to me or, I expect, anybody else in this country. By the way, this is almost 20 percent of its total on-order inventory. It is a huge amount of inventory.

The Air Force has redefined terms and created new categories such as “Additional Applications Anticipated,” “Uneconomical to Terminate,” “Management Decision,” and “Data Error.” What they mean by data error is a series of computer entry mistakes amounting to \$96.5 million during one recent 3-month period alone. To my way of thinking, this is further evidence of the Air Force's inability to manage its inventory program. If data errors are rampant in the system, fix them. If the inventory problems can't be corrected without costing even more money, then something is wrong with the system.

This is not just an Air Force problem; it is Pentagon-wide. The numbers for the Navy and Army are also extremely troubling. The Army's numbers are incomplete because the Army could not provide data from two major agencies, including the communications and electronics commands, because their inventory computer systems were not compatible with other Army computer systems. This is with a budget of \$500 billion and we can't get computers to talk to each other. Ironically, the communications and electronics command is one of the commands responsible for Army hardware and software acquisition.

This underscores the serious problem of the inability of the Defense Department computer systems to interface with each other. My staff was actually told by an Air Force material command manager that Air Force inventory officers are still actually relying on computer systems that are based on decades-old designs.

Year after year, the nonpartisan research arm of Congress has exhorted the Pentagon to, 1, provide incentives to reduce purchases of unneeded on-order inventory; 2, conduct a comprehensive assessment of unneeded inventory items on hand; and, 3, take measures to address fluctuations in demand that produce these huge inventories.

Clearly, something must be done to set things right. It is time to get the Pentagon inventory system up to modern practices.

What does our amendment do? It does a few things. First, the amendment, offered by Senators FEINGOLD, WHITEHOUSE, and myself, will require the Secretary of Defense to develop a comprehensive plan for improving the inventory system, including each service's plan to improve audit systems for reducing the gap between projected requirements and actual requirements, improvements to information technology systems, personnel and training needs, contract reviews, and other relevant policy changes.

Second, this amendment will require a certification to Congress that the Army, Navy, Air Force, and Defense Logistics Agency have reduced their secondary inventory.

Third, this amendment strengthens the certification process by fencing off \$100 million in inventory purchases until the Secretary of Defense makes the required certifications.

This is a small but critical step toward fixing the DOD's inventory system. It is time for this Congress to impose long-needed improvement and require the Pentagon to put its house in order.

Frankly, this is just a small step forward. We have a lot more to do. This country faces enormous problems. We need money spent in many areas. We don't need to be wasting tens of billions of dollars. I look forward to working with my fellow Senators to see that this amendment becomes law.

#### IDAHOANS SPEAK OUT ON HIGH ENERGY PRICES

Mr. CRAPO. Mr. President, in mid-June, I asked Idahoans to share with me how high energy prices are affecting their lives, and they responded by the hundreds. The stories, numbering over 1,000, are heartbreaking and touching. To respect their efforts, I am submitting every e-mail sent to me through [energy\\_prices@crapo.senate.gov](mailto:energy_prices@crapo.senate.gov) to the CONGRESSIONAL RECORD. This is not an issue that will be easily resolved, but it is one that deserves immediate and serious attention, and Idahoans deserve to be heard. Their stories not only detail their struggles to meet everyday expenses, but also have suggestions and recommendations as to what Congress can do now to tackle this problem and find solutions that last beyond today. I ask unanimous consent to have today's letters printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The gas prices have hit us so hard that my family cannot afford to fill up the tank but rather \$50 at a time. To fill up my diesel tank, it now costs \$160. We cannot afford vacations nor can we afford day trips to the mountains. If this is what the speculators wanted, well, they got it. We basically go to work to pay for fuel. I wanted to see my father this year in Bakersfield, California but