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"Pentagon Sticker Shock"

It's back. Remember in the 1980's when we taxpayers were horror-stricken to learn that the Pentagon had paid \$640 for a toilet seat and \$7,000 for a coffee pot? Well, Pentagon "sticker shock" is back in a big way.

How about paying \$1,887 for a machine bolt that was supposed to cost us taxpayers only \$40 bucks? How about a self-locking nut that was listed at \$2.69, but the Pentagon paid \$2,185 for it? These are some of the nutty prices that the General Accounting Office has uncovered in an investigation of spare parts that weapons contractors sell to the Pentagon.

The contractors generally make an estimate of what various spare parts will cost for a fighter jet, submarine, or other weapon that they are bidding to build. When they deliver the weapon, however, the prices for the parts are jacked up by 1,000 percent or more. For example, the GAO found that a contractor estimated that a simple hub would cost \$35, but in the final bill, the contractor charged \$14,529 for it.

Such rip-offs occur because the contractors bury the prices for spare parts in the jumble of details in the itemized bill for the weapon, and, believe it or not, the Pentagon makes no item-by-item review of the bill. Such fiscal sloppiness can be traced directly to congress, which responded in the past decade to contractors' lobbyists who whined that mean ol' auditors were hounding them. So, congress whacked the Defense Contract Audit Agency's staff by 19 percent.

The agency had been successful at reining in industry fraud, saving us billions of dollars— but instead of being applauded, congress whacked its investigative budget. . . and the fraud is back.

This is Jim Hightower saying . . . To help fight the fraud, contact the watchdog group called Project On Government Oversight: 202-347-1122.

Sources:

"Defense Contractor Spare Parts Ripoffs Make Comeback." The POGO Alert: November 17, 2000.
"Military parts costs soaring, GAO finds" by Julia Malone. The Atlanta Constitution: November 21, 2000.