April 17, 2008

An Open Letter to Congress:
Don’t Meddle with GAO’s Review of the Tanker Contract!

Dear Member of Congress:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I urge you to allow the Government Accountability Office (GAO) review of the KC-45 aerial tanker contract to proceed without prejudice or interference.

As you may know, NTU has spent nearly 40 years advocating for efficient, fair, and competitive military procurement. One of the first issues we undertook for taxpayers involved a $2 billion cost overrun and contract irregularities on the C-5A cargo aircraft. As it was with that project, so it is with the next generation tanker aircraft – taxpayers deserve the best airplane for the job, not the best airplane for the political fortunes of elected officials.

Barely a month has passed since the losing contractor for the next generation tanker announced an intent to file a protest with GAO, yet the media is already portraying this matter as some contest of wills in which corporate titans are enlisting allies with promises of financial support. Allow me to make this point as forcefully as I can: The National Taxpayers Union has not accepted funding from either of the two quarreling contractors over this case.

We have often battled against what we believe to be wasteful defense spending programs, including the F-22 Raptor, the Crusader artillery system, and the C-130J. Between December of 2005 and May of 2006, we publicly and simultaneously protested against both the Boeing/Lockheed Martin Evolved Expendable Launch Vehicle initiative and Northrop Grumman’s attempt to stick taxpayers with a $500 million damage claim resulting from Hurricane Katrina. Indeed, NTU’s whistleblowing effort over the C-5A project came after evidence surfaced that the firm building the plane skirted procedures so as to improperly underbid the contract and beat out its rival ... Boeing.

Thus, our stance on the next generation tanker is motivated by our concern for the 130 million Americans who pay the government’s bills, not out of any fealty to the firms involved in this matter.

Though some forget, the reason that this contract was re-opened to competitive bidding in the first place was a scandal involving Boeing officials and Air Force procurement officers. Rather than submitting the contract to the rigors of competition, a provision was inserted into the 2002 Defense Appropriations Bill to lease 100 Boeing 767 fuel tankers at a cost of nearly $30 billion and without any competition. At the time, NTU joined with...
many other taxpayer advocates in speaking out against this plan.

The resulting re-bidding found the Northrop Grumman plane superior to its Boeing counterpart in four out of five Air Force evaluation standards and tied in the fifth. Yet, there have been numerous complaints from Members as well as Boeing regarding the conduct of the bidding. As is its right, Boeing filed a formal protest last month regarding this selection.

In addition, others contend that our national security is at stake if the current winner of the bid, Northrop Grumman/EADS, is allowed to proceed with the project. Unlike allegations of flaws in the bidding process, which can and should be investigated, this argument is completely without merit. Both bidders in the tanker controversy rely on foreign sourcing for many of their undertakings, and resurrecting the “Buy American” bromide does a disservice to taxpayers as well as the free trade that has so richly benefited our economy.

In 2003, the House Armed Services Committee passed a Fiscal Year 2004 Defense Authorizations bill (H.R. 1588) that expanded the list of products covered by the “Berry Amendment,” which requires the Pentagon to buy goods with U.S. content and labor. Also, contractors for major weapons acquisitions (for contracts greater than $5 million) would have been required within four years to use domestically made machine tools, dies, and molds.

Thankfully, most of these provisions were not enacted into law intact. Defense analysts estimated that the domestic machine tool provision alone could have raised the price of some weapons systems as much as 40 percent. Given the fact that the Department of Defense’s contract-management and weapons-system acquisitions processes have been on GAO’s “high-risk” list for wasted tax dollars for more than 15 years, Americans are already suffering from too many unwarranted expenditures of their hard-earned money.

Jingoisms over “shipping jobs overseas” aside, the GAO review procedure, while not perfect, has by far the best promise to systematically explore the next generation tanker acquisition and ascertain whether assertions of irregularities have merit. However, this task will be made most difficult if lawmakers persist with threats of intervention via legislation or hearings with stacked witness lists. GAO’s staff members have the highest degree of integrity and independence, and should not be forced to work in an even more politically charged environment simply because some Members of Congress feel the need to insert themselves into the procurement process before a detailed evaluation is complete.

Ultimately, the job of the armed forces is to protect Americans, who in turn expect the product that will achieve this goal at the lowest cost. GAO’s review will provide many of the answers officials will need in determining whether or not to move forward with the KC-45 project. For the sake of the nation’s service members and taxpayers, Congress should allow this investigatory phase to be completed before passing judgment.

Sincerely,

Duane Parde
President