

Pentagon's Loose Purse Strings

Taxpayers Footing Bill for Purchases That Don't Serve Troops

Commentary - by John Stossel

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June 4, 2004 - The bill for the war in Iraq is about \$150 million a day. So, some members in Congress are asking where all the money is going and why families are purchasing body armor for their sons and daughters serving in Iraq?

Back in 2001 the General Accounting Office found that government credit cards had been used to pay for escort services in New Jersey, computers, digital cameras, women's lingerie, jewelry, engagement rings, and Elvis photos from Graceland.

One department employee used his card to buy his girlfriend breast implants. He at least paid the money back, but employees who bought themselves laptops, palm pilots and digital cameras didn't.

It happened because of the department's policy of giving out credit cards to almost anyone. It was supposed to make government purchases more efficient.

"Over 99.99 - well, 99.98 - percent of our purchases are for legitimate government use," said Capt. Ernest L. Valdes, who defended the Navy's record at a congressional hearing.

When Rep. Steve Horn, R-Calif., cited an example of a woman who bought a \$400 Coach briefcase with her government credit card, Valdes said the woman who made that purchase was a good employee. "She probably made an honest mistake and happened to be at Nordstrom's and purchased that bag. I think she'll do better next time," he said.

Next time? Right. It's not as if she was fired. The government rarely fires anybody. Many employees who misused their cards weren't even reprimanded. One Navy employee used her credit card to buy a stove, groceries, and \$12,000 in personal items. What happened to her? She was promoted!

Deirdre Lee, a Defense Department procurement officer, assured Horn in the hearing that the department would "investigate the appropriate circumstances and take the appropriate action."

That would be comforting - except that they've held more hearings and continued to find abuses.

At a June 2002 hearing, Sandra Peck, assistant secretary of the Army, financial management and comptroller, said, "I've been in this position for eight months and I've just now come to understand the scope of this. . Give me six months, and let's see what we can do about this."

But more than six months later, in June 2003, an inspector general found Army government credit cards used to pay for things like Santa suits and Internet porn.

\$4,000 Lost for Every American

The Defense Department e-mailed us on Thursday to say that they have taken steps to minimize credit card abuse, like issuing stricter guidelines on the use of cards and canceling unused ones. Maybe it will make a difference, but I'm skeptical.

These credit card purchases are just the latest in a long line of examples of the Pentagon's poor money management. A 2000 audit found the Defense Department couldn't account for more than \$1 trillion. That's equal to losing \$4,000 for every single American.

When private corporations squander investors' money, we insist that they face consequences.

But, when it comes to the government, almost nothing ever changes.

Rep. Janice Schakowsky, D-Ill., says, "DOD [Department of Defense] management is not just bad, it's atrocious."

Taxpayers and American troops deserve better. Give me a break.