

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 Department 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.