OMNI PENTAGON WATCH NEWSLETTER #8, February 13, 2013. Compiled by Dick Bennett for a Culture of Peace. (#1 June 21, 2011; #2 October 29, 2011; #3 March 15, 2012; #4 May 17, 2012; #5 June 23, 2012; #6 August 1, 2012; #7 Oct. 5, 2012).

My blog: War Department/Peace Department
http://jamesrichardbennett.blogspot.com/

My Newsletters:
http://www.omnicenter.org/newsletter-archive/

Index:
http://www.omnicenter.org/omni-newsletter-general-index/


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IG Report on General William Ward

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WAND FOR HAGEL

Dear Friend of WAND,

On Tuesday, February 12, the Senate Armed Services Committee voted to confirm Senator Chuck Hagel to be the next Secretary of Defense. The next step is for the full Senate to vote to confirm him. Please call today to urge your Senators to confirm Sen. Hagel as the next Secretary of Defense.
Hagel is a strong leader who has served our country, in the military and in the Senate. He has a record of viewing the world in a way that values diplomacy and engagement to prevent rushing to war. He has the support of a wide range of former officials from both major political parties.

Hagel is a Global Zero supporter, an organization that advocates for the vision of a safer world without nuclear weapons. With Hagel leading the Pentagon, there is a greater chance the Obama administration will continue to move toward further nuclear reductions. Hagel has also recognized that wasteful spending at the Pentagon needs to be scrutinized and has been critical of endless continuation of war in Afghanistan or elsewhere.

Click here to call your Senators today!

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A GRUNT AT THE PENTAGON? The Hightower Lowdown (Feb. 2013)

I DIDN’T KNOW a whole lot about Chuck Hagel before President Obama nominated him to be the new Pentagon chief, but here’s one thing I’ve learned that I definitely like about him: He has the right enemies!

Leading the charge to stop Hagel is a gaggle of hyper-right-wing militarists.

Dubbed the Vulcans (after the Roman god of fire) [See James Mann, Rise of the Vulcans—Dick],

they were the gung-ho hawks who championed the Bush-Cheney regime’s in-your-face doctrine of pre-emptive war.

They were raring to go into Iraq to grab those weapons of mass destruction that didn’t exist, and now they’re raring to rush into Iran.

Well, by “raring to go,” I mean they’re hopped up to send other Americans into war, not themselves or their loved ones. They are gutless arm-chair warriors, including Bill Kristol, Paul Wolfowitz,
Richard Perle, and Elliott Abrams—as well as Cheney himself—all of whom turned down the chance to be warriors in the Vietnam era.

Now, the ferocious “Vulcans” are running their mouths against Sen. Hagel, incredibly labeling him an “appeaser” who is too hesitant to charge into war. But, unlike them, Hagel actually knows something about war, since he’s been there. Not as an advisor or visiting official, but as a grunt. He enlisted to go to Vietnam, into the thick of battle, coming away with two purple hearts, a chest full of shrapnel, bad burns, and a unique outlook on the use of military might that you can’t get from sitting on a barstool and shouting “go get ’em” at the TV.

Wounded in 1968, Hagel says he told himself: “If I ever get out of this and I’m ever in a position to influence policy, I will do everything I can to avoid needless, senseless wars.”

Do we ever need that in a Pentagon boss!

http://www.hightowerlowdown.org/node/3239#.URks7B1EHzg
WAGING PEACE AT WEST POINT?


“For the vine of ideas to truly grow, we must question ideas instead of blindly accepting them” (152).

“…one thing I can and must tell you is that we should always question and think critically when anyone advocates war” (15).

“…questioning is absolutely necessary to end war” (16).

Chappelle quotes diverse authorities:

General Omar Bradley: “Our only complete assurance of surviving World War III is to halt it before it starts” (16).

George Orwell: “One of the most horrible features of war is…the war propaganda….” (16).

His highest praise is for his West Point education.

“West Point emphasizes the importance of the Geneva Conventions” (14).

“West Point taught me to question every order I am given” (14).

“ In the army blind obedience is very dangerous.  At West Point, I was taught to question every order I am given to determine whether it is lawful and to ensure that it does not violate the Geneva Conventions” (13).

“At West Point I was taught that torture is never justified…” (13).

[Dick: Unfortunately, Chappelle does not make a strong case for the ethical and legal education provided at West Point. His testimony is correct, the Geneva Conventions were taught there. But its effectiveness he fails to demonstrate. Two of his strongest examples of soldier rectitude under the Conventions—Capt. Hugh Thompson, who tried to stop the My Lai Massacre, and Marine General Smedley Butler, author of *War Is a Racket*—were not graduates of West Point. Chappelle’s unsupported praise for West Point as the foundation for his argument for critical thinking among military officers as the chief prevention of war is a pitiful sand castle. Where is the record of West Point officers “questioning every order” and refusing to participate in torture all the way from privates to generals? Perhaps there is such a record, but he cites none. After his uncritical opening chapter, a reader might be disinclined to read more.]
The real military sex scandal
Wed Nov 28, 2012 7:49 am (PST) . Posted by:
"Rick Staggenborg" rstaggenborg
Here is a brief HuffPost article comparing the flap over Petraeus' sex life with the ongoing scandal of Military Sexual Trauma: http://www.huffingtonpost.com/maria-cuomo-cole/the-real-military-sex-sca_b_2157997.html
Please share and help raise awareness of the continuing effects of the Invisible War.
In solidarity for peace and justice,
Rick Staggenborg, MD Chapter 72, Portland 1-217-8044

SEVERAL ARTICLES ON MILITARY SPENDING

"The Force: How Much Military Is Enough?"
By Jill Lepore, The New Yorker, posted January 28 from HAW
The author teaches history at Harvard University

Military as Sacred Cow: Case Study in Hawaii
Fri Dec 7, 2012 10:35 am (PST) . Posted by:
"Global Network" brucekgag
http://www.civilbeat.com/posts/2012/12/05/17813-hawaii-monitor-would-hawaii-welcome-peace-on-earth/?fb_action_ids=4153706836670&fb_action_types=og.likes&fb_source=other_multiline&action_object_map={%224153706836670%22%3A141896575960728}&action_type_map={%224153706836670%22%3A%22og.likes%22}&action_ref_map=[]
Hawaii Monitor: Would Hawaii Welcome 'Peace On Earth?'
By Ian Lind
We're heading into the holiday season, where themes of "peace on earth, goodwill to all" can be heard in private homes and public spaces, from churches to shopping malls.

But if somehow peace were to miraculously break out, ushering in a new era of peaceful and cooperative international relations, would it be greeted as wonderful news by the powers that be? I doubt it.

It isn't hard for me to envision city, state, and federal officials, along with union and business leaders, stepping forward to lobby for continued high levels of military spending, not because they are opposed to peace but, rather, because they are economically dependent on war.
It’s a policy stance that might make sense in purely economic terms, but would be much harder to justify in moral terms. But this would be nothing new. The same pressures have long constrained public discussion of military and defense issues in Hawaii.

The state’s war industry, euphemistically referred to as the "defense" sector, is a sacred cow, a very visible part of our community that has been largely exempt from mainstream questioning or criticism.

Public officials reduce the big issues of war and peace to matters of local economic interest. Any policy seen as boosting Hawaii’s share of federal military dollars is assumed to be good, and more would always be better. Economic blinders often blunt the progressive views of our representatives in Washington, who feel the practical pressures to protect island businesses regardless of their own political leanings. Governor Abercrombie was certainly a case in point during his two decades in Congress.

Even the news media shy away from much examination of the military, except when the reporting is in patriotic, adulatory tones or presented in flat prose of dollars-and-cents business reporting.

Economic Dependence
Defense, to use the polite term, is one of the state’s core industries. It includes the federal dollars spent to house, feed, and provide services to more than 100,000 military personnel and their dependents, along with the defense contractors and their employees involved in development of high-tech for ultimate use in weapons or command systems.

There is certainly no disagreement that in economic terms, the military’s local impact is substantial. In 2009, active-duty personnel stationed in Hawaii and civilian defense workers accounted for about 10 percent of total employment in the state, according to a RAND Corporation report. As Civil Beat’s Chad Blair recently reported, "federal defense spending accounts for 15 percent of Hawaii’s gross domestic product ... the highest mark in the country and far above the national average of 3.5 percent."

Even small variations in defense spending reverberate through our economy as their effects are magnified within certain geographic areas and economic sectors. It’s no wonder the potential impact of going over the so-called fiscal cliff, with its automatic cuts of some $55 billion annually to the federal defense budget, has created lots of uncertainty among local defense contractors and public officials.

Defense Cuts Are Inevitable
And even if we avoid the fiscal cliff, the bloated defense budget is an obvious target for the substantial cuts in federal spending that will be required in the long-term effort to reduce the federal deficit.

During FY 2011, the U.S. had by far the world’s largest military budget and stood alone at the very top of the 10 countries with highest annual military spending, according to a report by the International Institute for Strategic Studies. We spent more than five times as much on defense as rivals China and Russia together, and about 50 percent more than the total
combined military spending by other top-10 countries (China, Russia, the United Kingdom, France, Japan, Saudi Arabia, Germany, India, and Brazil).

"In other words, the US defense budget is not just dominant; it is operating at a level completely independent of the perceived threat," the online trade publication AOL Defense reported earlier this year.

The fiscal cliff isn't just a problem, it's also an opportunity to realize that long-term cuts in the military budget, including the share that trickles down to Hawaii, are indeed likely. Factor in the loss within a few years of Dan Inouye's clout in the U.S. Senate and his ability to steer federal dollars into Hawaii's economy, and those cuts appear even more likely.

How do we move forward in a proactive way? The first task is to challenge the military's status as a sacred cow, and subject it to the same level of scrutiny given other major institutions in our community, including the costs, as well as economic benefits, of the extensive military presence. This is the prerequisite to all further changes.

With persistence, we can create space to debate and discuss the military's economic role as well as its broader political impact, and begin developing plans for alternative civilian uses of at least some of the 118 separate military facilities and 230,939 acres of military-controlled land in the state.

This type of planning can end up creating a self-fulfilling prophesy, as contingency plans begin to demonstrate the viability of alternatives to continued military dependence. It's at least a place to start.

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WHERE ARE OUR? WHY DON’T WE?

I'll wager not a day passes without a letter or a column in our state and local newspapers asking why this or that need has not been satisfied. For example, “Where Are Our Zip Trains?” by Will Oremus, Slate (ADG 12-3-12). “Why are we so far behind Japan in transportation technology?” He counters the conventional reply, that the US long ago chose
the car/sprawl culture instead of mass transit, by arguing that “the real obstacle today is a lack of political will to plan for the future, especially from the Republicans.” That’s true, but he omits another immense, bipartisan cause of our neglect—our equally disastrous choice of our imperial war culture. Yes, high tech trains are expensive. The Japanese are planning a Maglev (magnetic levitation) train to connect Tokyo-Nagoya-Osaka “expected to cost upwards of $100 billion.” But the Iraq War, based on lies, illegal, unnecessary, and failed, is expected to cost upwards of $3 trillion. So I’ll ask my question. Why are our officials—municipal, state, national-- and the mainstream media so far behind in acknowledging how our money, urgently needed for our future, has been misspent in ruinous wars of aggression? Dick Bennett

**Jobs another good reason to cut military spending. Quaker Action. Fall 2012**

Job creation is a hot topic in Washington, so when policymakers consider scaling back the defense budget, those who object often cite the economic benefits of military spending—including the jobs it creates. But economists and researchers have shown that the same amount of money can create even more jobs when allocated in other, less destructive ways.*

**In fact, $1 billion would create:**

Military Spending: 11,200 jobs  
Household Consumption: 15,100 jobs  
Clean Energy: 16,800 jobs  
Healthcare: 17,200 jobs  
Education: 26,700 jobs

Investigations

- Contract Oversight
- Financial Oversight
- Good Government
- Government Corruption
- Government Oversight
- Government Secrecy
- Homeland Security
- Housing
- National Security

- A-10 Warthog Aircraft
- B-1 Bomber
- B-2 Bomber
- Ballistic Missile Defense
- Black Hawk Helicopter
- Boeing Tanker Leasing Deal
C-130J Transport Aircraft
C-17 Airlifter
Comanche Helicopter
Crusader Howitzer
CSAR-X
Defense Contractor Mergers
FA-22 Fighter Aircraft
Future Combat Systems
Future Combat Systems (FCS)
Growler ITV
Intelligence
Joint Strike Fighter Aircraft
Littoral Combat Ship
Mine Resistant Ambush
Patriot Missile
Predator UAV
Spare Parts
Stryker Armored Vehicle
V-22 Osprey Aircraft
Wasteful Defense Spending

Resources
Protected (MRAP) Vehicles
Natural Resources
Nuclear Security & Safety
Public Health
Transportation
Whistleblower Issues
Donate
Blog
Report Corruption
Publication Library
Testimony
Correspondence with Government
Federal Contractor Misconduct Database
Congressional Oversight Training Series
National Security

Our country's national defense should never take a back seat to private special interests. But too often it does, putting our nation's servicemen and women at risk, and elevating the agendas of defense contractors ahead of legitimate national security needs. POGO investigates wasteful military spending, the cozy relationship between defense contractors and procurement officials, and malfunctioning weapons systems in order to draw attention to those cases where our national security has been compromised by greed, and in many cases, sheer incompetence. Click on the program areas below to learn more.

A-10 Warthog Aircraft
Despite widespread acclaim by the pilots who fly them, the Air Force brass has repeatedly tried to kill the unglamorous A-10 Warthog program. POGO has and will continue to defend this highly effective and relatively inexpensive aircraft.

B-1 Bomber
Originally conceived in the 1960s as a long-range conventional bomber, the B-1 has been plagued in recent years by a skyrocketing price tag and technical difficulties, while its key requirements have been reduced. The B-1 may no longer be as relevant given its more cost effective alternatives. As the B-1 nears the end of its service life, The Air Force is planning for the integration of next-generation long-range bombers.

B-2 Bomber
The most expensive airplane ever built, the B-2 bomber is a perfect example of what the malfunctioning defense acquisition system tends to produce: tremendously expensive and complex weapons in quantities much smaller than originally intended. POGO is also concerned that the B-2’s most distinguishing characteristic, its ability to evade enemy radar, has proven to be unreliable.

Ballistic Missile Defense
Currently the single most expensive weapons system in the Pentagon’s annual budget, the U.S. missile defense program utilizes a questionable acquisition strategy that involves researching, procuring, fielding, testing, and
evaluating missile defense assets all at once, making it difficult to ensure that taxpayer dollars are well spent. While POGO does not take a position, pro or con, on missile defense, we believe there needs to be better oversight, testing, and financial accountability in the missile defense program.

**Black Hawk Helicopter**
Systemic quality control problems at the defense contractor Sikorsky Aircraft have led to defective parts on the Black Hawk helicopter, an aviation workhorse that is prevalent throughout most of the armed services. POGO has argued that Sikorsky should make publicly available the production inspection records for the Black Hawk.

**Boeing Tanker Leasing Deal**
POGO and its congressional allies uncovered a major Air Force sweetheart deal that would have given Boeing a sole-source leasing contract for tanker aircraft worth tens of billions dollars, much more than it would have cost to simply buy the aircraft. Darleen Druyun, for years the top Air Force procurement official, was discovered to have steered this deal and others to Boeing while negotiating for a higher-paying executive position at the company. Druyun and a top Boeing executive were given prison sentences for attempting to bilk the taxpayer.

**C-130J Transport Aircraft**
Since its inception in the mid-1990s, the C-130J transport aircraft program has proven to be problematic for U.S. taxpayers. After the Pentagon threatened to cut the program in 2004, the program’s boosters in Congress and Lockheed Martin, the contractor, began a massive disinformation campaign about the alleged need for the aircraft. In 2006, following POGO’s recommendation, the Air Force decided to restructure the C-130J contract, saving taxpayers millions of dollars.

**C-17 Airlifter**
The C-17 is a four-engine cargo jet designed for intercontinental airlift of large “outsize” payloads to short landing strips in remote areas of the world. In December 2000, the Air Force proposed a possibly illegal arrangement to declare Boeing’s C-17 a “commercial item”—even though the government is the only purchaser of this plane. The result would have been reduced financial oversight of any future Air Force purchases of the cargo plane, and a heavy burden on taxpayers. A few years later, POGO helped to expose a sweetheart deal that would have given Boeing a sole-source leasing contract for the C-17 (see Boeing Leaser Taking Deal).

**Comanche Helicopter**
Originally conceived in 1983, the requirements for the RAH-66 Comanche helicopter called for a small, lightweight, high performance reconnaissance and attack aircraft. However, to incorporate all these features into a single aircraft, weight had to be added, and new technologies had to be developed because they were either immature or still conceptual in nature. As a result, throughout its history, the Comanche program suffered from dogged funding problems, changing requirements, and wildly unrealistic technological expectations. The Army canceled the Comanche program in 2004, following POGO’s recommendation.

**Crusader Howitzer**
The Crusader is an armored, mechanized vehicle that was slated to become the Army’s next-generation, 155mm, Self-Propelled Howitzer cannon, supported by a companion ammunition resupply vehicle. POGO recommended canceling the $11.2 billion program after redesign efforts resulted in decreased mission effectiveness. There were also major issues with the Crusader’s development and testing processes. The Crusader was canceled in 2002, in part because it was deemed too heavy to be useful in today’s battles.

**CSAR-X**
A crucial weapons system requirement for the Air Force’s helicopter replacement program for its combat search and rescue mission, dubbed CSAR-X, was significantly and inappropriately weakened by Air Force program officials to allow Boeing’s Chinook helicopter to compete. Boeing eventually won the CSAR-X contract, worth an
estimated $10-15 billion. POGO’s findings indicated that the acquisition process was subverted, and the needs of the warfighter consequently undermined. As a result, the wrong helicopter for the mission may have been procured, possibly putting at risk the men and women in our armed forces who need to be rescued.

**Defense Contractor Mergers**

POGO has raised serious concerns about defense contractor mergers, which tend to reduce competition, increase the cost of goods and services, and tie the government’s hands when it may want to suspend, debar, or otherwise hold a contractor accountable. POGO believes that the government should not be using taxpayer funds to pay for “restructuring” costs such as merger expenses and executive compensation. Because the merging of defense contractors affects not just defense spending but all federal contracts, you can learn more about this issue in the Contract Oversight section.

**Defense and the National Interest Blog**

After a ten-year run of analysis, commentary, and discussion, DNI is no longer generating new content. The site is now maintained and preserved for your reading pleasure by the Project On Government Oversight.

**FA-22 Fighter Aircraft**

Since its conception in 1986, the Air Force’s F-22A Raptor fighter jet has been the focus of continued debate. Problems range from technical flaws (despite 20 years of research and development) to a cost that is higher per aircraft than any other in history. POGO recently opposed a congressional plan authorizing multi-year procurement of the F-22A, especially after it was revealed that the head of a federal research institute which recommended multi-year procurement was holding stocks and stock options in an F-22A subcontractor.

**Future Combat Systems**

The Army’s 30-year, $160 billion Future Combat Systems (FCS) program will create a modernized system of armored vehicles, robots, and drones connected via a sophisticated battle command network. But the development of FCS has been plagued by major problems, including poor planning of program requirements and unwarranted levels of confidence in unproven technologies. POGO has also raised concerns about the FCS program being acquired under an Other Transactions Authority (OTA) agreement, which means that it is exempt from contracting controls and oversight mechanisms that are typically in place to protect taxpayers from waste and abuse.

**Future Combat Systems (FCS) Resources**

**Growler ITV**

The Growler is an updated version of the M151 Jeep that the U.S. military retired in the early 1980s. POGO has found that the Pentagon is wasting taxpayer dollars on the Growler, an unarmed vehicle that is out of place in today’s missions where troops often have to contend with ambushes and roadside bombs.

**Intelligence**

POGO advocates for stronger oversight and accountability in the intelligence community. In recent years, POGO has supported measures that would grant greater access to congressional intelligence committees and strengthen whistleblower protections for intelligence personnel.

**Joint Strike Fighter Aircraft**

The Joint Strike Fighter (JSF) is expected to be the largest military aircraft procurement ever, awarded to Lockheed Martin in 2001 for an estimated $300 billion. But POGO has raised concerns that JSF aircraft will be outfitted with risky and unproven technologies. In addition, a recent Pentagon report looking at how Lockheed manages JSF and other programs concluded that the contractor is non-compliant with industry guidelines for tracking and managing costs.

**Littoral Combat Ship**
Mine Resistant Ambush Protected Vehicles
Due to their heavy armor and V-shaped hull, Mine Resistant Ambush Protected vehicles (MRAPs) are less susceptible to deadly improvised explosive devices and other types of asymmetric weapons. POGO recently obtained an internal report showing that the Marine Corps "grossly mishandled" requests from Marines in Iraq for more MRAPs, leading to unacceptable delays which have placed U.S. troops at great risk.

Patriot Missile
The Patriot is a surface-to-air missile of central importance to the U.S. Army's anti-ballistic missile platform. But POGO recently learned that Patriot missiles have been shooting down friendly aircraft in testing as far back as 1993. Even the updated missiles are having problems distinguishing between friendly and enemy aircraft. POGO has criticized the Pentagon for continuing to promote the Patriot despite its knowledge of this serious target discrimination problem.

Predator UAV
The Predator Unmanned Aerial Vehicle is primarily used for surveillance, reconnaissance, and target acquisition. Many Pentagon officials and reporters have praised the Predator for its successful deployment in Kosovo and Afghanistan. But POGO obtained a Pentagon report which concludes that the Predator is "not operationally effective or suitable" due to serious technical limitations, especially when the aircraft is flying in the rain or at nighttime.

Spare Parts
In the 1980s, POGO worked to expose outrageously overpriced military spending on coffee pots, nuts, and other spare parts. Several years later, the contractor-driven campaign to "re-invent government" removed many of the safeguards that were put in place to keep costs low and protect taxpayers from overspending on spare part items. These acquisition reforms allowed contractors to sell "commercial" items without having to provide cost and price data to prove that their prices are fair. As a result, POGO continues to expose spare part horror stories at the Pentagon.

Stryker Armored Vehicle
The Stryker is an eight-wheeled armored combat vehicle produced by General Dynamics. POGO has raised questions about the decision to move away from more heavily armored vehicles in favor of swifter, more lightly armored vehicles like the Stryker. POGO is also concerned that the vehicle has not been adequately tested. A few years ago, an Army think tank identified several technical problems with the Stryker, such as malfunctioning weapons and computer systems and a vulnerability to rocket-propelled grenades (RPGs).

V-22 Osprey Aircraft
The V-22 Osprey, a Marine Corps aircraft that takes off like a helicopter and lands like a plane, has been plagued by countless setbacks since it was first introduced more than 25 years ago. Inside sources familiar with the V-22 have informed POGO about problems with downwash, visibility, de-icing, and emergency egress. There have also been questions raised about the lack of adequate testing and evaluation of the aircraft. POGO has called for the cancellation of the V-22, which has been involved in numerous accidents killing both Marines and civilians.

Wasteful Defense Spending
Year after year, the Congress and the Pentagon support big ticket expenditures for weapons systems that do not work, are constantly run way over budget, and are designed to address different threats from a bygone era. Today, there is even greater urgency for canceling the wasteful programs that drain funds from essential national security needs and put our troops at risk. POGO will continue to investigate and challenge billions of dollars in wasteful Pentagon spending on programs that exist primarily to benefit defense contractors.
BP Has More Than $2 Billion in Defense Awards Set to Expire
By Danielle Ivory - Nov 30, 2012

BP Plc (BP/), suspended from winning new U.S. government contracts for its role in the biggest oil spill in the nation’s history, has military deals with a potential value of more than $2 billion set to expire in the next two years.

The British oil company has at least 11 awards that will be up for competition, said Mimi Schirmacher, a spokeswoman for the Defense Logistics Agency, which buys most of the Pentagon’s fuel.
Nov. 28 (Bloomberg) -- BP Plc, which pleaded guilty to criminal charges after the worst U.S. oil spill in 2010, will be temporarily suspended from winning new contracts from the federal government, the U.S. Environmental Protection Agency said today. Alex Steel reports on Bloomberg Television's "Market Makers." (Source: Bloomberg)

The defense agency has no plans to apply for a waiver so it can continue to award contracts to BP, Schirmacher said in an e-mail. The office “anticipates receiving offers from other suppliers to fill future requirements,” Schirmacher said.

While she didn’t say when the contracts would be opened for bidding, agencies typically make big awards months to years before the expiration dates. The existing agreements may be valued at as much as $2.43 billion, according to data compiled by Bloomberg.

Eight of the 11 contracts will expire before the end of the 2013 fiscal year, Schirmacher said. Robert Wine, a spokesman for London-based BP, declined to comment. BP shares rose 0.1 percent to 431.60 pence in London trading. They have dropped 6.3 percent this year.

The U.S. Environmental Protection Agency on Nov. 28 temporarily banned the company from winning new federal awards due to a “lack of business integrity” in the 2010 Deepwater Horizon well blowout in the Gulf of Mexico. BP on Nov. 15 agreed to plead guilty to criminal charges after the worst oil spill in U.S. history, which killed 11 people.

**BP Awards**

BP was the Defense Department’s biggest fuel supplier in 2011, the year following the Gulf explosion. That year, it won awards valued at about $1.35 billion, a surge of 33 percent from $1.02 billion in the previous year, according to data compiled by Bloomberg.

The EPA didn’t say how long the ban would be in place, though suspensions generally last for fewer than 18 months or until the end of legal proceedings. BP and the government are still in a dispute over civil charges.

The temporary ban doesn’t affect existing contracts. BP won 22 contracts from the Defense Logistics Agency in fiscal 2011, according to Schirmacher.

**Contract Competition**

Among the companies that might benefit from BP’s suspension are San Antonio, Texas-based Valero Energy (VLO) Corp., San Ramon, California-based Chevron (CVX) Corp., and the Hague, Netherlands-based Royal Dutch Shell Plc. (RDSA) The firms are top suppliers to the U.S.
military, the world’s single largest consumer of energy excluding countries. BP received 49 percent more in defense contracts in that year than the No. 2 fuel supplier, Valero Energy. The third-largest recipient of the contracts was Kuwait National Petroleum Co., followed by Shell, Miami-based World Fuel Services Corp. (INT) and Chevron. The company on Nov. 15 reached a settlement with the Justice Department, agreeing to pay $4.5 billion to end all criminal charges and resolve securities claims relating to the Gulf explosion. At the time, the company said it hadn’t been advised of any U.S. action on contracts. BP produces about 770,000 barrels of oil equivalent a day in the U.S., more than 20 percent of the company’s global output. The company had revenue of $131 billion in U.S. last year, more than a third of its global total.

Defense Department spending on prescription drugs in the past decade has soared, reflecting the aging military retirees its health care program covers, according to a newspaper analysis. An analysis of Pentagon drug purchases since 2002 published Sunday by the Austin American-Statesman (http://bit.ly/S08nuI) found, for example, that last year the Defense Department spent more on pills, injections and vaccines than it did on Black Hawk helicopters, Abrams tanks, Hercules C-130 cargo planes and Patriot missiles combined. And the rapid rise is attributed less to wounded soldiers returning from wars in Iraq and Afghanistan than to retirees buying prescriptions for ailments such as arthritis, osteoporosis and diabetes. There are 15 active military bases in Texas and about 1.7 million veterans, the second highest veteran concentration in the country, according to the Texas Veterans Commission.

Officials with the military’s health care program Tricare say Pentagon spending on drugs increased by more than 123 percent since 2002 to $6.8 billion in 2011. That was nearly double the growth rate of overall pharmaceutical sales in the United States during the same period. Prescriptions for active-duty troops account for only about 10 percent of those filled under Tricare. Instead, experts say, it’s military retirees who are driving the increase. Additionally, there’s more use of retail pharmacies where drugs cost significantly more than on military bases.
"If we don't address it soon, it may harm our national security in the long run," the centrist think tank Third Way wrote in a February report about ballooning defense health budgets. "It will also impact operational effectiveness and threaten health care benefits for active duty troops and their families."

"It's a national security concern," said Mieke Eoyang, director of the national security program for Third Way. "It's something we have to come to grips with as a nation."

There is concern the rapidly growing drug costs could divert money from training and weapons.

The military is not immune to the skyrocketing health care costs that plague average Americans. The overall military health budget has nearly doubled since 2002.

Jim Wilson, a University of Texas College of Pharmacy professor and former head of the Army's pharmacy programs, said expensive specialty drugs in particular will drive military drug spending.

"They will just eat your budget alive," he said.

The newspaper analyzed nearly 500,000 drug purchases through two agencies within the Defense Department that handle those purchases _ the Defense Logistics Agency, which buys from wholesalers, and Tricare Management Activity, which handles prescriptions bought through the mail and at retail pharmacies. The analysis did not include the mail-order drugs accounting for about 15 percent of total military prescription drug spending.

The analysis found, for example, that the Defense Department has spent more than $5 billion since 2002 on well-known drugs Lipitor, Plavix, Advair, Nexium and Singulair, as well as $380 million on erectile dysfunction drugs.

The military also spent at least $2.7 billion on antidepressants and more than $1.6 billion on opioid painkillers such as Oxycontin and hydrocodone during the same period.

The growth has been a boon for pharmaceutical companies as well. Pfizer Inc. led the way with more than $8 billion in sales through the Department of Defense since 2002.

In 2001, the new Tricare for Life benefit for military retirees older than 65 with at least 20 years of service expanded the number of beneficiaries and allowed them to fill prescriptions at retail pharmacies.

The Pentagon has tried to control drug spending in recent years by overhauling its formulary system and requiring higher copays for expensive drugs. In 2010, it launched a marketing campaign to persuade troops and retirees to use mail-order pharmacies rather than retail stores.


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Dick: I read a summary in the Arkansas Democrat-Gazette 12-31-12, which was based upon analysis from the Austin American-Statesman.]

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