

The War On Waste

LOS ANGELES, Jan. 29, 2002

On Sept. 10, Secretary of Defense Donald Rumsfeld declared war. Not on foreign terrorists, "the adversary's closer to home. It's the Pentagon bureaucracy," he said.

He said money wasted by the military poses a serious threat.

"In fact, it could be said it's a matter of life and death," he said.

Rumsfeld promised change but the next day – Sept. 11-- the world changed and in the rush to fund the war on terrorism, the war on waste seems to have been forgotten.

Just last week President Bush announced, "my 2003 budget calls for more than \$48 billion in new defense spending."

More money for the Pentagon, **CBS News Correspondent Vince Gonzales** reports, while its own auditors admit the military cannot account for 25 percent of what it spends.

"According to some estimates we cannot track \$2.3 trillion in transactions," Rumsfeld admitted.

\$2.3 trillion — that's \$8,000 for every man, woman and child in America. To understand how the Pentagon can lose track of trillions, consider the case of one military accountant who tried to find out what happened to a mere \$300 million.

"We know it's gone. But we don't know what they spent it on," said Jim Minnery, Defense Finance and Accounting Service.

Minnery, a former Marine turned whistle-blower, is risking his job by speaking out for the first time about the millions he noticed were missing from one defense agency's balance sheets. Minnery tried to follow the money trail, even crisscrossing the country looking for records.

"The director looked at me and said 'Why do you care about this stuff?' It took me aback, you know? My supervisor asking me why I care about doing a good job," said Minnery.

He was reassigned and says officials then covered up the problem by just writing it off.

"They have to cover it up," he said. "That's where the corruption comes in. They have to cover up the fact that they can't do the job."

The Pentagon's Inspector General "partially substantiated" several of Minnery's allegations but could not prove officials tried "to manipulate the financial statements."

Twenty years ago, Department of Defense Analyst Franklin C. Spinney made headlines exposing what he calls the "accounting games." He's still there, and although he does not speak for the Pentagon, he believes the problem has gotten worse.

"Those numbers are pie in the sky. The books are cooked routinely year after year," he said.

Another critic of Pentagon waste, Retired Vice Admiral Jack Shanahan, commanded the Navy's 2nd Fleet the first time Donald Rumsfeld served as Defense Secretary, in 1976.

In his opinion, "With good financial oversight we could find \$48 billion in loose change in that building, without having to hit the taxpayers."