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Latest revelation further tarnishes Boeing tanker proposal

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WASHINGTON - The revelation that Boeing Co. helped draft the Air Force requirements for its controversial 767 tanker program is only the latest of several scandals that have tarnished the proposal and battered Boeing's reputation. The casualties to date include a Boeing CEO and a potential Secretary of the Army, with more turmoil ahead.

The proposed lease of 100 modified Boeing 767 jets as Air Force tankers drew scrutiny from the moment it first gained public attention in the wake of the Sept. 11, 2001, terror attacks.

Boeing had backed replacing the Air Force's aging fleet of KC-135 tankers for nearly a decade, and as Boeing's commercial business plummeted after Sept. 11, the company and its Capitol Hill allies touted the tankers as a way to salvage jobs while improving a tanker fleet strained by the war on terror.

But Sen. John McCain, R-Ariz., immediately denounced the lease as a boondoggle to bail out Boeing, not to help the military. Questioning cost estimates that ranged up to \$30 billion, he called for a thorough study of the program's cost and questioned the necessity of what he called a "military-industrial rip-off."

A series of federal studies released in 2002 and 2003 showed that leasing the tankers would cost billions more than purchasing them, fueling McCain's ire. But the program sailed through Capitol Hill, as three of four congressional committees needed to authorize the program approved the lease agreement, arguing that leasing would get the tankers to the Air Force more quickly than purchasing them would.

The Capitol Hill climate changed radically in August 2003, when McCain obtained thousands of e-mails that he said showed improper negotiations between Boeing and the Air Force.

McCain, and a growing chorus of other lawmakers, were concerned that Darleen Druyun, an Air Force negotiator on the tanker program, showed Boeing proprietary information on rival plane maker Airbus' tanker bid, which violated government regulations. Druyun later left the Air Force to work at Boeing.

The discovery launched a Pentagon probe into the Boeing-Air Force tanker negotiations.

Critics also were concerned about the role other government officials played in the negotiations, including Air Force Secretary James Roche, nominated by President Bush in 2003 to be Army Secretary, and Richard Perle, an aggressive Boeing booster who's a member of the Pentagon's Defense Policy Board and a close friend of Defense Secretary Donald Rumsfeld.

As the Druyun inquiry started, the Senate Armed Services Committee, the only congressional roadblock to authorizing the program, crafted a compromise proposal meant to lower the program's cost. Under the plan created by McCain, Chairman John Warner, R-Va., and ranking Democrat Carl Levin of Michigan, the Air Force would lease 20 aircraft, then buy the other 80 tankers, keeping costs at about \$23.5 billion.

That compromise passed Congress in November, and President Bush signed it into law. But later that month

Boeing fired Druyun and Chief Financial Officer Mike Sears for discussing her future Boeing employment while Druyun was still working at the Air Force. The Pentagon immediately froze the tanker deal and intensified its ethics probe. On Dec. 1, Boeing CEO Phil Condit resigned, in part due to pressure over the tanker scandal.

Since Condit's departure, the tanker program has remained on hold while the Pentagon, Justice Department and lawmakers investigate. Earlier this month, Pentagon investigators found "no compelling reason" to cancel the program but did say terms might need renegotiating. Roche withdrew his nomination to be Secretary of the Army, electing to remain at the Air Force. The news that Boeing rewrote the Operational Requirements Document for the Pentagon is likely to lead to renewed questions, delaying any tanker-replacement plan further.

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