

FOREIGN POLICY & DEFENSE

influence in the Third World. But the Kremlin has not curtailed its ventures abroad (the Afghan war cost Moscow \$3 billion last year) nor indicated that Soviet arms and advisers deployed in client states such as Nicaragua and Angola will be brought home anytime soon.

America has assumed more importance in Soviet foreign relations under Gorbachev. The United States "remains the toughest obstacle to the expansion of Soviet global power." It is also the Soviets' chief competitor for influence in many parts of the world.

Simes suggests that *glasnost* resembles the policies of former Soviet leader Nikita Khrushchev (1955-64). While Khrushchev seemed liberal by encouraging a literary "thaw" and withdrawing Soviet forces from Austria and Finland, he also was responsible for crushing the Hungarian Revolution of 1956, erecting the Berlin Wall, and placing missiles in Cuba.

Simes warns Americans to pay heed to Kremlin foreign policy, lest they forget that "its final act is supposed to be their own demise."

Wrong Target

"The Case for the \$435 Hammer" by James Fairhall, in *The Washington Monthly* (Jan. 1987), 1711 Connecticut Ave. N.W., Washington, D.C. 20009.

In 1983, newspapers reported that the Pentagon had paid a defense contractor \$435 for an ordinary claw hammer. The report outraged everyone from the cartoon character Beetle Bailey to Democratic presidential candidate Walter Mondale.

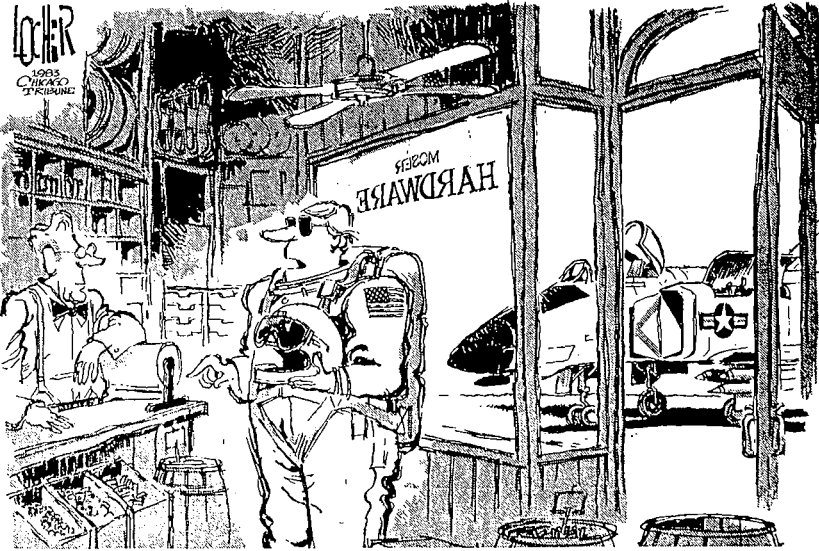
But Fairhall, a former contracting officer for the U.S. Defense Logistics Agency, argues that U.S. taxpayers did *not* necessarily pay too much for the hammer. Obsessed by the apparent swindle, both Congress and the public, he adds, have overlooked "deeper, more complex, [and] less newsworthy sources of defense waste."

The hammer episode began in 1981, when the Navy offered a contract to a Long Island, N.Y., electronics company—Gould, Inc.—to manufacture a flight instrument trainer for T-34C aircraft. The Defense Contract Administration Services Management Area negotiated Gould's contract, and agreed to pay \$847,000 for services, parts, and tools. The contract's listed price for each *hammer*: \$435.

In 1983, a chief petty officer working in the repair department of the Pensacola, Fla., naval air station saw the unit-price list for the T-34C trainer, and started asking questions. To head off any bad publicity, Gould quickly refunded \$84,000 to the Pentagon. Nevertheless, the hammer story eventually leaked out: "Would You Pay \$435 for This?" asked a *Newsday* headline, which ran next to a picture of the infamous hammer. Meanwhile, Representative Berkley Bedell (D.-Iowa) launched a congressional investigation.

But Bedell and the press, Fairhall says, were befuddled. Neither understood the "equal allocation method" of negotiating contracts involving large numbers of spare parts. Under this method, all "support" costs are apportioned among all of the parts involved. A contract with support costs of \$100,000 involving 100 different items, for example, would necessarily allocate \$1,000 to each part—whether it were a circuit card assembly or a

FOREIGN POLICY & DEFENSE



A 1983 cartoon: "I'm too far away from the Pentagon to purchase the \$2,970 washer I need. . . gimme those 3 for 69 cents replacements." The Pentagon now has "more rules, more people checking on the checkers."

plastic knob. The billing price equals the cost of the part, plus \$1,000.

A thorough Defense Contract Agency audit finally concluded that Gould had overcharged the government \$92,000—for reasons that had nothing to do with the hammer. Since then, the Pentagon has stopped using the equal allocation method.

Should the public therefore dismiss press accounts of \$435 hammers and \$7,600 coffee pots—and relax? Not at all, Fairhall says. In other ways—say, by awarding sole-source contracts or by refusing to punish inefficient defense contractors—the Pentagon can still waste the U.S. taxpayer's money.

A Pacifist Pentagon

"Pentagon Strategy 'WWNH'" by John F. Ahearne, in *The Washington Post* (March 4, 1987), 1150 15th St. N.W., Washington, D.C. 20071.

Since fiscal year 1981, the annual U.S. defense budget has increased from \$158 billion to \$282 billion—to pay for higher military salaries and new hardware. Surely, the Pentagon is now ready to fight if war comes.

Not really, contends Ahearne, a deputy assistant secretary of defense under President Jimmy Carter. "The real strategy," he says, seems to be based on a "WWNH" concept—War Will Never Happen, or at least not for the next few years.

How so? The author says that post-Vietnam Pentagon thinking has led