

Annals of Crony Capitalism

Nuke Detection Machines Fail, Again

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You've got to hand it to the Bush administration. No matter how pitifully their "Homeland Security" projects perform, money talks.

Back in June, I <u>reported</u> on one such pet project under development by the Department of Homeland Security (DHS): the Advanced Spectroscopic Portal (ASP).

In a \$1.2 billion taxpayer-financed deal shared by <u>Raytheon</u>, <u>Thermo Fisher Scientific</u> and <u>Canberra Industries</u> (a subsidiary of the French nuclear manufacturing titan, the <u>Areva Group</u>), the defense contracting giants claimed that the ASP would provide port officials with a reliable means of detecting illicit nuclear or radiological materials smuggled inside containers entering U.S. ports. It was alleged by DHS' Domestic Nuclear Detection Office (DNDO) that the ASP

...will enhance current detection capabilities by more clearly identifying the source of detected radiation through spectroscopic isotope identification. The ASP program provides significant improvement in the detection of special nuclear materials such as highly enriched uranium and weapons grade plutonium, differentiating between these and naturally occurring radioactive material (NORM). ASP variants include rail, mobile, and relocatable systems. (Department of Homeland Security, DNDO, "DHS Public Release BY08/DNDO – Advanced Spectroscopy Portals (ASP) – Passive Detection Systems," February 12, 2007)

DNDO claims the system as currently designed is superior to what is already in place and that the ASP has demonstrated "low false alarm rates." (Which isn't saying much since current monitors have an abysmal track record and have failed to distinguish between the components of a radiological dirty bomb and natural radiation emitters such as kitty litter, ceramics and bananas!)

Back in 2005, Reuters reported that U.S. Customs and Border Protection commissioner Robert Bonner testified before the Senate that since the first devices were installed in 2000, "they had picked up over 10,000 radiation hits in vehicles or cargo shipments entering the country. All proved harmless." Security analyst Bruce Schneier wrote at the time, "It amazes me that 10,000 false alarms-instances where the security system failed-are being touted as proof that the system is working." Not much has changed since then.

Despite DNDO's extravagant claims, the Government Accountability Office (GAO) has issued a stinging new report stating that assertions made by the office cannot be backed up by statistical evidence.

The GAO's September 2008 report entitled, "Combatting Nuclear Smuggling: DHS's Phase 3 Test Report on Advanced Portal Monitors Does Not Fully Disclose the Limitations of the Test Results," demolished DNDO claims. In polite bureaucratese, GAO auditors declared that DHS massaged the test results and painted a rosy picture of what, for all practical purposes, is essentially a corporate boondoggle. Indeed, GAO auditors found,

"Because the limitations of the Phase 3 test results are not appropriately stated in the Phase 3 test report, the report does not accurately depict the results from the tests and could potentially be misleading. In the Phase 3 tests, DNDO performed a limited number of test runs. Because of this, the test results provide little information about the actual performance capabilities of the ASPs. The report often presents each test result as a single value; but considering the limited number of test runs, the results would be more appropriately stated as a range of potential values. ... DNDO's reporting of the test results in this manner makes them appear more conclusive and precise than they really are. The purpose of the Phase 3 tests was to conduct a limited number of test runs in order to identify areas in which the ASP software needed improvement. While aspects of the Phase 3 report address this purpose, the preponderance of the report goes beyond the test's original purpose and makes comparisons of the performance of the ASPs with one another or with currently deployed portal monitors. (GAO, "Combatting Nuclear Smuggling: What GAO Found," September 2008, p. 5)

The auditor's aver, "if an ASP can identify a source material every time during a test, but the test is run only five times, the only thing that can be inferred with a high level of statistical confidence is that the probability of identification is no less than about 60 percent." Which means the ASPs failed at least 40% of the time to identify nuclear materials that could be used in a devastating attack.

Additionally, when the program was cited for "lapses" back in June, the Phase 3 tests were not to be used by DHS Secretary Chertoff to certify the program. Yet DNDO securocrats now state according to GAO investigators, that the less-than-stellar Phase 3 tests "will be relevant to the Secretary's certification that the ASPs represent a significant increase in operational effectiveness." However, DNDO "does not clarify in what ways the results will be relevant."

But as investigative journalist Daniel Hopsicker has <u>written</u> on more than one occasion, "When things don't make business sense, sometimes its because they do make sense... just in some other way." Perhaps, DHS is giving us another glimpse of that process at work.

The Washington Post <u>reported</u> that the DNDO "derided the findings as 'misleading and not substantiated'." And that GAO auditors "failed 'to acknowledge the depth and breadth' of the program's test campaign." GAO replied to DNDO's criticism and stated,

"DHS comments that our draft report failed "to acknowledge the depth and breadth of the ASP test campaign, which is by far the most comprehensive test campaign ever conducted on radiation detection equipment." However, our report describes previous ASP testing and some of our prior findings about that testing, and notes that ASP testing continues in 2008. More importantly, the extent of testing is not the issue at hand. In our view, regardless of how many tests are performed, the tests must employ sound, unbiased methodologies and DNDO should draw and present conclusions from the test results in ways that accurately and fully reflect the data and disclose their limitations." (GAO, op. cit. p. 18)

During an earlier round of testing, the GAO had found that the DNDO's "estimates for detection rates were overstated and that the costs of the machines were significantly understated," according to the Post.

Originally slated to cost \$500,000 per unit, the eventual price tag has ballooned upward and the latest estimates claim each machine will now cost taxpayers some \$778,000. While chump change by current lax standards, it does raise significant questions as to the efficacy of congressional oversight of government handouts to defense and security contractors, many of whom are extremely generous when it comes to campaign contributions.

According to <u>CampaignMoney.com</u>, the Raytheon Political Action Committee (PAC) has disbursed some \$1,709,060; Thermo Fisher Scientific Inc. PAC, \$161,017 and Areva subsidiary Cogema Framatone PAC \$117,000 in campaign contributions during the 2008 election cycle to Democrats and Republicans, a veritable bipartisan "spread the wealth around" subsidy to grease squeaky congressional wheels!

Additionally, OpenSecrets.org <u>reports</u> that 2008 campaign contributions from the defense industry amounts to \$20,670,429 with the Democrats narrowly edging out Republicans (51%-49%), reflecting where the "smart money" is going this year!

Considering the general climate of corruption that pervades Washington and corporate board rooms in America, do the dubious test results uncovered by GAO reveal a wider problem? Let's take a look.

With some 80,000 employees, many in possession of coveted Top Secret or above security clearances, Raytheon clocks in at No. 4 on Washington Technology's <u>list</u> of "2008 Top 100 Government Prime Contractors." And with \$5,170,829,645 in government-related revenue, the multinational giant pulled in some \$4,762,068,432 in defense spending dollars.

However, according to the Project on Government Oversight (<u>POGO</u>), Raytheon was No. 5 on that organization's Federal Contractor Misconduct Database (<u>FCMD</u>). According to <u>POGO</u>, Raytheon was cited for some \$475.6 million in what the organization called its "Total Misconduct Dollar Amount."

From aircraft maintenance overcharges, contractor kickbacks, defective pricing, the improper export of defense items, False Claims Act violations, drinking water contamination in two Arizona cities, securities litigation, violations of SEC rules, through charges of racial discrimination and a lawsuit by EEOC, one can only conclude that being a well-connected multinational defense giant means "never having to say you're sorry"!

POGO had no information of wrongdoing on Raytheon's other two partners in the Advanced Spectroscopic Portal deal, Canberra Industries and Thermo Fisher Electric.

But wait, there's more!

GAO investigators testified before Congress in 2007, that DNDO's Phase 1 "tests did not constitute an objective and rigorous assessment of the ASPs' capabilities because, among other things, DNDO conducted preliminary test runs on source materials to be used in the tests, and then allowed the vendors to adjust their ASPs to specifically identify the source materials to be tested."

Sweet, isn't it? Like taking an exam and have all the answers before you sit down!

It now appears that the same faulty methodology was applied to Phase 3 testing, and as noted above, DNDO will argue that those tests, indeed all test results, including those in which the "vendors" adjusted their equipment to meet predetermined criteria will be used by DHS Secretary Chertoff to issue a favorable certification for the ASP program. (This is a technical "innovation" we have seen on the political front; to wit, as the Downing Street Memo revealed when "the intelligence and the facts were being fixed around the [Iraq invasion] policy").

None of this of course, comes as a surprise. Despite capitalism's economic meltdown, large defense and security contractors will continue to flourish as Washington's "war on terror" inexorably advances on the home front. According to <u>Washington Technology</u>,

Raytheon reported a third-quarter net income of \$427 million, or \$1.01 a share, up from \$299 million, or 68 cents a share, a year earlier. Revenue reached \$5.86 billion, up 12 percent. The Waltham, Mass., company also raised its financial guidance for 2008 and it expects stronger profits and sales next year. ("Defense Firms Thrive Despite Downturn," Washington Technology, October 24, 2008)

Indeed, Raytheon's Chief Executive and Chairman Bill Swanson told security and defense analysts "that he is optimistic that U.S. defense spending will hold up in the face of the current economic crisis," the technology insider publication reported.

Swanson said, "A lot of people want to predict doom and gloom. I don't see it from that standpoint." Nor would I, if I were in a similar position!

As the Associated Press <u>reported</u>, in 2007 Swanson received a \$15 million compensation package from the defense giant that included \$1.23 million in salary, \$3.05 million in "non-equity incentive plan compensation," and \$575,699 "in other compensation, including use of company aircraft and a company car, home security and financial planning services." How's that for hitting the corporatist "sweet spot"!

Despite the inescapable fact that the American people remain vulnerable to terrorist smuggling of nuclear materials into the Heimat, and despite a veritable \$1.2 billion flim-flam by giant multinationals aided and abetted by the corrupt and infinitely corruptible Department of Homeland Security, regardless of which party of capitalist grifters win today's general election, expect that "business as usual" will continue along on its merry way.

And you can take that to the bank!

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