



FNC SHOWS ■ TOP STORIES ■ POLITICS ■ BUSINESS ■ FOXLIFE ■ VIEWS ■ FOX POLLS ■ WEATHER ■ FOX SPORTS ■

SEARCH

GO

Today's Features

JOB SEARCH

REAL ESTATE

O'REILLY FACTOR

CREDIT CENTER

FOX Fans Log on Here
or Register Now.

MARKETS

DJIA 9200.05 ▼ -4.41

NASDAQ 1720.91 ▼ -10.46

S & P 500 987.49 ▼ -1.79

07-30-03 05:02 PM ET
Data Delayed 20 Mins

QUOTE

Kramer's Corner

PHOTOS

Cleared for Take-Off?

EMAIL THIS ARTICLE

PRINTER FRIENDLY

BECOME A FOX FAN

Wednesday, May 28, 2003

By Hilary Kramer

FOX NEWS

DISCLAIMER : THE FOLLOWING "Cleared for Take-Off?" CONTAINS STRONG OPINIONS WHICH ARE NOT A REFLECTION OF THE OPINIONS OF FOX NEWS AND SHOULD NOT BE RELIED UPON AS INVESTMENT ADVICE WHEN MAKING PERSONAL INVESTMENT DECISIONS. IT IS FOX NEWS' POLICY THAT CONTRIBUTORS DISCLOSE POSITIONS THEY HOLD IN STOCKS THEY DISCUSS, THOUGH POSITIONS MAY CHANGE. READERS OF "Cleared for Take-Off?" MUST TAKE RESPONSIBILITY FOR THEIR OWN INVESTMENT DECISIONS.

ADVERTISEMENT Boeing (BA) has some of the brightest minds in the world. As the world's leading **aerospace company** ([search](#)), their employees are engineers and rocket scientists who hold over 26,000 advanced degrees and have developed more than 6,000 patents. These were the kids whose homework problems everyone copied in high school and who later tutored us in college. So why does Boeing face allegations of resorting to cheating to win government defense contracts?

Boeing has a history of gathering illegally-obtained information that gives them an unfair advantage in their bidding for **Pentagon contracts** ([search](#)). In the 1980s, the Justice Department discovered that Boeing put together a number of concealed libraries containing secret documents that were acquired unlawfully. This prompted Congress to pass the Procurement Integrity Act, which forbids contractors from holding rival company or government proposal information prior to awarding of the contract.

Nevertheless, it seems that Boeing's rocket scientists couldn't seem to keep their eyes on their own work. In 1998, Boeing was forced to withdraw from the Air Force's EKV Missile Defense System bidding because the company unethically obtained and examined rival Raytheon's design documents. This led to Raytheon being awarded the contract by default, rather than on the technical merits of its proposal.

In spite of Boeing's well-documented history of unethical behavior, the government continues to award the company lead contractor roles instead of "debaring" Boeing from competing in certain defense contracts for some period of time. As recently as 1999, a group led by Boeing surprisingly won a \$5 billion Air Force spy satellite contract over industry-leader Lockheed Martin. Was it the expertise of Boeing's rocket scientists that led to the win? Or did they rely on the more than one dozen boxes of Lockheed's proprietary design and cost documents which were later discovered to be in Boeing's possession?

This poor corporate governance severely handicaps the American military, who lose out as much when Boeing arguably submits the better bid but has to pull out of a proposal as when the company unjustly gets lead contract awards by peeking at their rival's work. Moreover, it raises serious questions about the appropriateness of Boeing recently being awarded the lead role in a \$15 billion contract for the Pentagon's Future Combat System, a monumental project intended to modernize the U.S. Army. Adding fuel to the fire, Boeing has also received a \$16 billion contract to provide the US Air Force with 100 flying fuel tankers.

Can Boeing now be trusted to oversee \$31 billion of taxpayer money and to spearhead the Pentagon's initiative to create a 21st Century military? Left unchecked, Boeing's pattern of inadequate controls and inferior governance will surely lead to scandals of increasing magnitude. And it really doesn't take a rocket scientist to realize that in the long run, anticompetitive behavior and bad corporate governance only punishes America.

Hilary Kramer serves as a business news contributor at FOX News Channel. She joined the network as a regular guest on **Cashin' In** in May 2001.



Click image to enlarge

RELATED INFORMATION

Kramer's Corner Archive

Show Navigation

This Week's Show

Last Week's Show

Terry Keenan's Bio

mailto:cash@foxnews.com

Cashin' In Home

COMING UP ON FNC

Your World w/ Neil Cavuto

Wed. 1 am ET

Taking Out the Trash — Find out how one CEO turned trash into a liquid treasure.

FNC Schedule

 [EMAIL THIS ARTICLE](#) [PRINTER FRIENDLY](#) [BECOME A FOX FAN](#)[◀ BACK TO HOME](#)[▲ BACK TO TOP](#)**ADVERTISING LINKS**

Health Plans \$79/Mo
Ann Coulter FREE!
BUY THIS LINK!

WebRX Free MDConsult
SpeedUp PCFree Scan!
Discount Diet Patch

Dental Plans \$99/year
Free Payday Loan
Meet Military Singles

[Schedule](#) | [FOX News Bios](#) | [E-mail Shows](#) | [FAQ](#) | [FOX News Shop](#)

[Find FOX News Channel in Your Area](#) | [Find FOX News Channel Abroad](#)

Advertise on FOXNews.com

Jobs at FOX News Channel. Internships at FOX News Channel.
Terms of use. Privacy Statement. For FOXNews.com comments write to
foxnews@foxnews.com; For FOX News Channel comments write to
comments@foxnews.com

© Associated Press. All rights reserved.

Copyright © 2003 ComStock, Inc.

This material may not be published, broadcast, rewritten, or redistributed.

Copyright 2003 FOX News Network, LLC. All rights reserved.
All market data delayed 20 minutes.