

MR. MORRIS: Again, there is no netting out of costs in that example. What this example was intended to indicate was a more realistic statement of gross requirements for mobilization purposes, more highly analyzed and individualized requirements computations. The 120-day factor was an arbitrary blanket factor applied to all items regardless of characteristics, size, transportability, etc., and based upon experience it was pretty old.

The Army found that by taking 500 items that account for about 75% of its major procurement buy, that it could set a pipeline time for each based on its own characteristics. They did assume the use of air transport where the item lent itself readily to that. We're assuming that the increased lift capability that was coming into being would make possible the reality of that assumption; actually, then, reducing only a gross requirement which had never been satisfied and never would have been fully satisfied to a more realistic buy requirement level.

QUESTION: A few years back the military services were accused of - and not without reason - underestimating program costs. Although steps have been taken to improve cost-estimating procedures a new problem appears to be developing in the five-year force structure plans and programs, and that is, underestimating programs. Could you give us an insight as to why OSD does not permit the procurement program to remain relatively level throughout the next five years, especially in light of the high R&D expenditures?