

be an objective assessment of the capability of Soviet weapons to which we are trying to react.

So those are three areas of concern that I have. I am looking forward to the testimony. I think this is obviously a very difficult and extremely complicated area, but an important one about which I have a great deal to learn.

Thank you.

Chairman ROTH. Mr. Secretary, before I call on Senator Rudman, I have just had brought to my attention an article in the Washington Post. I call this to your attention because it is something that I would hope that you would address in your statement or subsequently.

But it goes very much to the thrust of what both Senator Cohen and I were saying: The importance of building trust. According to this article, the Defense Department has sent out a statement claiming decreased spending savings of something like \$18.4 billion for major weapons programs from September to December of 1982. But two significant factors involved in those savings which do not involve better management directly, were cut backs on quantities; lower inflation rates.

Now, this is a matter of real concern, because I think it is that kind of a report that has given the perception that the Pentagon is not being straightforward with the kind of figures they are giving us. I do not think an \$18.4 billion decrease based on cut backs in quantity can be attributed to better management. Maybe there is some reason you have to report it that way. But the problem is that it does not get to the thrust of the matter which is what are the decreases that are a result of better management? I would hope that you would address that in your remarks, because I know it is a matter of concern to people up here.

[The article referred to follows:]

[From the Washington Post, Mar. 23, 1983]

FROM "THE FEDERAL REPORT COLUMN"

A Defense Department report released yesterday claimed DOD was saving \$18 billion on major weapons systems, in part by not building seven Trident submarines. Under questioning, however, Pentagon officials said they still plan to build the submarines but are accounting for them differently than before.

The report contained similar accounting shifts on some other programs, such as the air-launched cruise missile and the F16 jet fighter.

After reporters had finished quizzing officials about the report, it was impossible to determine if there had been any economies in the total price of 53 weapons programs, which the Pentagon predicted will cost \$539.7 billion to complete.

Of the \$18 billion in cost curtailments claimed in the report, nearly \$11.3 billion was attributed to the Trident program primarily because of a schedule stretchout "and a quantity reduction of seven ships."

Under questioning, Joseph T. Kammerer, deputy assistant secretary of defense for cost and auditing, acknowledged the Pentagon still intends to build 15 of the missile-firing submarines. The seven in question had merely been shifted into another account because they would carry a different kind of Trident missile from the others.

Amid expressions of disbelief from reporters, the Pentagon rushed up Rear Adm. Frank B. Kelso, director of the Navy's strategic submarine division.

Kelso said that that "there has not been a reduction of seven submarines" and agreed that the \$11.3 billion was "an accounting change." He said, "There was no intention to confuse anybody."