

Chairman ROTH. If you look at the projections of cost over the next 5 years, what kind of impact would that have on the Defense budget over that period?

Do you have any figures or analysis of that?

Mr. KUHN. I haven't done that analysis; no. I understand there has been discussion in the Budget and Armed Services Committees, however, that past cost growth trends suggest the DOD procurement budget may be understated by about 30 percent. Likewise, a recent major Air Force study entitled "A<sup>3</sup>"—Affordable Acquisition Approach—states the AF investment account may be understated by 23 percent. So the budget impact is quite considerable.

But the kind of caution I am suggesting is needed in the decision-making process does not seem to be there. There is overwhelming optimism that a program will not change and it is going to cost thus and so. In fact, all programs change. The Congress dictates changes at times. The economy dictates changes. The threat dictates changes. Production lines dictate change. These things happen, and it seems most unrealistic for DOD planners to discount those changes at the front end of the program.

I think Congress needs to be informed as to what the experience of, as I say, similar systems has been in the past so that they have a better sense as to what the total budget might, in fact, be for any given program.

I believe that that should be required as a part of the submission from DOD. That is one of the suggestions I make in my prepared statement.

The second point I would like to address concerns the effect of this cost growth. I would refer you to page 5 of the prepared testimony where I have taken a chart out of Mr. Spinney's most recent analysis.<sup>1</sup> He shows the number of Air Force aircraft actually procured in the years fiscal year 1951 and 1956 and compares those to the numbers of Air Force aircraft that were projected as of last year sometime to be procured in the years fiscal year 1983 and 1986.

The reason he chose those 2 years as comparisons was because if you look at the constant dollar costs of those two groups of figures, they are about equal.

Well, you can see that there is just an enormous decline in the number of aircraft that the Air Force is projecting it will buy today versus what it was able to buy for the same price 30 years ago. This chart, in some circles in the Pentagon, has been called the pimple chart. The reason for that is that the little tiny nub on the right hand side represents all that the Reagan administration, with its substantial increased spending projections, is able to buy in this category of Air Force aircraft.

That is just a startling decline in numbers of planes affordable for the same budget in constant dollars. I would further refer to a remark that you made to a previous witness about the suggestion making its rounds through the Congress now that perhaps NATO as a whole ought to buy weapons together, the point being to get the production up. Well, of course we all want to get production up. But I have to stand back for a moment and reflect on the fact that

<sup>1</sup> See p. 139.