

over time to the high per-unit costs described a moment ago.

In other words, cost growth explains two of our fundamental structural problems with the forces: we cannot achieve our planned buys because costs outpace even the most generous budgets; and our planned buys are not themselves very impressive because it is so expensive anymore to procure hardware. In the best of defense budget times, under the Reagan Administration's FYDP projections, we may not achieve presently planned buys of equipment, which themselves, in the case of Air Force aircraft, have been likened to a small bump compared to what we were once able to buy for the same funds.

I would refer the Committee at this juncture to a second excellent study quite recently made available, this one -- entitled "A<sup>3</sup>" for "Affordable Acquisition Approach" -- by a group of retired Air Force generals who analyzed several dozen Air Force acquisition programs from the 1950s to the present. The study's conclusion: if the current Air Force procurement plan is fully funded (at suggested levels) over its entire term, and real (noninflationary) costs rise at the rate they have averaged since 1970, the procurement plan will fall 23% short of goals. I quote: the "Air Force investment program is in trouble. If the Air Force continues [its accepted way of doing business], it will acquire significantly less equipment than is now planned, [and] significantly less equipment than could be obtained for the dollars likely to be authorized in the plan years " (emphasis added).

The "A<sup>3</sup>" team came to some conclusions, several of which I find utterly persuasive and to which I shall return in a moment. First I would