

The projected inflation on the basic program had increased from 45 points to 85 points. In addition, there had been program changes -- in quantity, engineering, support, schedule, cost estimates, and other -- which DOD estimated would mean another 81 points of real dollar costs. These changes of course carried with them inflation effects, which DOD estimated would add yet another 136 points to the cost. These three new estimates -- for inflation, and for program changes in both their real and inflated dollar aspects -- had to be considered as being added to the same baseline cost of 100, which had not changed.

Obviously, the great bulk of the cost growth was due to the program changes, which represented some 217 points out of the total addition of 258 points of cost (403 minus 145).

The Hellfire program, by June 1982, had increased in quantity by about 50%, but it had increased in cost by nearly 200%. A quick glance down Column 5 of the table itself showed that Hellfire was by no means alone in this kind of cost growth. In fact, it was in better shape than many other SAR programs.

It became clear how it could be that even the substantial budget increases secured by President Reagan could go to buying so little more in the great scheme of things. Nearly all of these programs were growing in cost at a rate that must surely overwhelm any budget level. Without terminations of some of the programs -- it almost does not matter, from this point of view, which ones -- there simply would not be enough room in the overall budget to meet all the plans. As before, plans would have to be reduced, probably by program stretchouts in many programs. If one looks