

coming out of the Department of Defense indicating that even this \$1.6 trillion budget may have been underestimated by as much as \$750 million.

I listened to Mr. Spinney's testimony before the Budget Committee just a few weeks ago, and no one can say that Mr. Spinney is not a strong advocate of increased defense spending. No one can say that he is not in favor of increasing our military capabilities substantially.

But I thought the thrust of his testimony and what I am reading and hearing is that we are continuing to substantially underestimate the costs of this defense buildup which is the largest, I believe, since World War II.

Mr. Secretary, I am encouraged that you are exhibiting some substantial concern about this yourself. I am encouraged that it appears to me you are attempting to institute some procedures that will be helpful in the long run.

But my question to you is this: Do we have any procedures for disciplining Pentagon officials or employees who consistently and intentionally underestimate weapons systems or try to put the Congress on what we call a low-ball estimate in an effort to get us committed, to get us down the line to the point—we are confronted with testimony like the Senator from New Mexico was confronted with, wherein the Secretary of the Navy says: "Well, it will cost more to cancel those nuclear carriers than it will take to build them."

What are we doing about these employees that put us on these so-called low-ball estimates?

Mr. THAYER. I think we are doing quite a lot, Senator. I don't want to get into a discussion of the SAR's again, but if you can take 90 percent of what was released yesterday about the difference between last year and this year, then that does say we are doing a better job of estimating. And we can do better yet. We are going in very heavy for independent cost estimates. As I mentioned earlier, we are going through the process now. After the services have been given the defense guidance and the defense fiscal guidance for fiscal 1985, they then put together their program objective memoranda, which will come into OSD in May.

We will begin to put together the total picture at that point, leading up to the Defense Resources Board series of meetings over a 2 week period where we review all of the significant programs in the Department of Defense. It is very likely that we are going to find that with realistic budgeting and realistic projections of the budget, we are going to have to make some hard decisions.

As I said earlier, my strong feeling is that we will not do that except in very rare cases by extending programs for the benefit of a marginal program or for the benefit of staying within the budget. We will be taking some very big steps.

I think that feeling is across the board in the Department of Defense.

I haven't detected anyone holding out for the old way of doing business.

Senator SASSER. Well, that is encouraging.