

Mr. Chairman and Members of the Committee, this is an opportune time for me to testify concerning management in the Department of Defense. I am about half way through my third month in office as the Deputy Secretary of Defense; and much of that time I have spent assessing DoD's management structure and weapons acquisition process. Today I want to discuss with you some of my findings, in the context of the four topics you have asked me to address: Selecting Weapons Systems, Estimating Weapon System Costs, Negotiating Better Acquisitions, and Reducing Fraud, Waste, and Abuse.

Overall, I judge DoD to be in fairly good organizational health. I make that diagnosis fully aware of the problems that have been highlighted in the press recently. Years of management experience in private industry have taught me never to generalize about an organization based on a few highly publicized problems. That is particularly true in the case of an organization like DoD that has 13 million contractual transactions each year. Instead of dwelling on historical problems, as some critics seem so anxious to do, I believe in focusing on what we can do about those problems with current management procedures, and what we have to change to solve some of the problems in the future. I also know you have to do this by relying on the quality and accomplishments of the people in place. In both cases -- management procedures and people -- I find the Defense Department to be in fine shape.