

I do not mean to imply that I believe our problems should be minimized or left uncorrected; nor should failures be ignored and allowed to drain an organization of resources needed for healthy and productive programs. I have always believed that Darwin's principles applied as much to business as to biology. There is no reason that survival of the fittest should not also apply to Defense programs.

The Defense Department has indeed eliminated or restructured programs that have not proven cost effective -- a total of 120 programs during the past two years. For the most part they were relatively small. But the decision to cut or restructure programs is usually difficult, often complicated by economic and political factors. In coming months I can assure you that we will become more demanding that these hard decisions be made.

During my assessment of the weapons acquisition process, I have naturally compared my findings to my former experience in private industry. I have been struck by the similarity of the challenges faced by the manager in the Defense Department as compared to his counterpart in the private marketplace. The development and production of weapon systems is a risky business, in some cases riskier than commercial enterprises.

First, the competition is stiff. The Soviets have invested about 60% more than the United States in military equipment last year and roughly \$500 billion more over the past decade. Because U.S. forces are outnumbered two to one in military personnel and by even greater ratios in most categories of military hardware, the United States has had to turn to technology to provide the