

(DSARC), whether to move to the next phase. The council defines key performance parameters and tests to determine when a system can proceed into the next phase. If a weapon system concept is chosen that has already progressed through the early stages of development, it is possible to move it directly into production while further development continues assuming the production planning has been largely accomplished.

While there is an orderly process and definite procedures to deal with the selection of new weapon systems, uncertainties regarding future threats and missions will always exist. Other destabilizing influences can be reduced by good management. This requires the discipline to start only that which we can afford to see through to production and to resist the temptation to reexamine and redirect the development and production program in each budget year. I intend to see that the Pentagon maintains that discipline.

#### Estimating and Contracting Costs

The Department has had some successes recently in controlling the growth of costs. In the 31 December Selected Acquisition Reports (SAR) submitted last week to the Congress, there is reported a net decrease in 53 SAR programs of \$18.4 billion. The first time in 10 years so we must be doing something right. While these favorable results are largely attributable to the lower defense commodity inflation index resulting from the Administration anti-inflation program, the remaining cost growth is still much lower than it has been in recent years.

Of course, as you note in the second topic you asked me to