

acquisition initiatives address our readiness and support for new equipment. I intend to consolidate them into a single initiative and improve the capability to estimate future logistic resource requirements and costs.

Perhaps one of the most critical initiatives, one that I intend to support strenuously, is the maintenance of economic production rates. It makes sense to program equipment at rates that make the most efficient use of a manufacturer's capabilities. But when fiscal pressures become too great, business sense is sometimes offset by political expediency. To "save" problem programs too many programs are stretched out at uneconomical rates. In the FY83 budget, the Defense Department increased the production rate on 18 programs to obtain projected savings of \$2.3B.

Frankly, reductions in the Defense Department's top-line funding have imperiled efforts to achieve program stability and economic production rates. Congress' action on DoD's FY83 budget request was a setback to the management improvement process.

To avoid future disruptions to efficient and economical production, I intend to firmly defend the budget we have submitted. I also will carefully scrutinize new starts to assure that they can be accommodated without interfering with on-going programs. And I will be taking steps to isolate those programs of lower priority that must be stopped if the budget does not satisfy all our needs. This is a difficult role that requires the cooperation of all within the Defense Department and from Congress itself.

In sum, then, I intend to emphasize the following six