

mating costs in order to get the weapons systems started and once they get started, they are very difficult to stop.

Do you have any thoughts about institutional reform?

Mr. SHELEY. I think one of the things that eventually is going to have to be faced is there are just more systems in development than can ever be afforded. I think there has to be some type of better look or better control over those systems emerging from the R&D level into the engineering development level.

This, I think is what complicates a lot of the problems over there, because once that system transitions over into full scale development and starts getting development funds, it is competing with every other system. Like all things, it develops a constituency. It develops a life of its own, and it has its adherents, and it gets awfully hard to get the wooden stake through the vampire's heart once it is started. The real control point, in my mind, is keeping technology in the R&D stage and pulling them out only when you have a real need for them, developing that technology.

The way it appears to me is that they automatically go from one stage to the other, and then you get a whole conglomeration of items in there. That is not saying they are not worth it, but there is a necessity to establish priorities among all the projects. To me, the point where this can best be done is when a system emerges from R&D and proceeds into the engineering development phase.

Chairman ROTH. The one point I wanted to make to the Secretary—and I would hope if there is any one from the Defense Department still here that they get back to him on this—is that they are going to have to set priorities. There is no way that they can have every thing they want.

I think that is at least the perception that has gotten out to the public and in the Halls of Congress. I think you are absolutely right; a technique or means has to be set up to determine what is important and to eliminate any unessential programs. That is something that we are going to have to look into later.

Many other foreign governments centralize procurement. R&D and procurement is either in a separate agency or is outside the services, and that has been recommended by some of the Defense scholars.

Would you care to comment on that?

Mr. SHELEY. I think that is what is referred to as the "purple suit complex." You take them totally away from professional procurement people? Is that the type of thing you are referring to?

I do not know. I think you would get mixed results in something like that. I would not condemn it, but at the same time I would be a little hesitant in my support of it. The benefits would have to be demonstrated more conclusively than they have in the past.

Chairman ROTH. From your testimony, I gather that you think that there has been some improvement in acquisition costs.

Mr. SHELEY. Well, I will not say that there has been improvement. I see a seriousness about trying to get improvements in it.

Chairman ROTH. It is still too early?

Mr. SHELEY. It is still a little too early to tell. In just taking the last SAR report, and I think Secretary Thayer referred to that, the trend has been started. In my opinion, 1 year a trend does not make. It is a step in the right direction, and it is a change for 1