

economy of size, which was possible because, for once, the NATO allies were able to agree on a common system.

Is that correct?

Mr. SHELEY. That is correct. We have understandings with our NATO allies; it is a two-way street. It goes back quite a number of years, but the real hard facts of the world are that the Europeans view that as not a two-way street but "Buy American."

Whether they are right or wrong on that depends on at what point in time you look at it, there being not an awful lot of technology that has come this way from Europe.

One system that comes to mind was the Roland missile. We brought that; it was a French and German group that developed this anti-aircraft system.

What did we do when we brought it over here? We reengineered it.

Chairman ROTH. I guess the point I want to make, if I understand your testimony, is that larger procurement is one meaningful way of making savings.

Mr. SHELEY. That is correct, larger and more stable procurement has the tendency to keep the prices down. I wouldn't want to be construed as saying buy at the low end of the mix to buy large quantities by any means.

Chairman ROTH. No.

One of the principal aims of the Carlucci initiatives has been to decentralize responsibility to the service level.

Do you feel this is effective, or do you think it has gone too far and it is going in the opposite direction of what I was suggesting earlier?

Mr. SHELEY. One plus that I can think of is that it at least removes one layer of the bureaucracy from reviewing decisions. To that degree it is a plus. I think it is a little too early, again, to tell how well that is working. There is not enough decisions through that process yet to sit back and take a totally objective view and say it is or is not a good thing, but I would support the concept of it if, for no other reason, it reduces the bureaucracy involved in the decisionmaking process.

Chairman ROTH. Is part of the problem that DOD has built such a bureaucracy perhaps to answer to Congress? Does that add to the cost?

Mr. SHELEY. I think you and Senator Cohen were very candid—and it was very refreshing—to admit that Congress has a problem, is part of the problem and has to look inward to itself as to what it has to do to help alleviate some of these. But I guess over the years in the acquisition business, additional bureaucratic layers have been interjected into the decisionmaking process, and it is a very cumbersome process to get a decision ratified.

There is an awful lot of people that can say no, but very few people in that chain can say yes.

The decentralization that has been proposed in the Carlucci initiatives puts that yes level down one notch lower in the bureaucracy in some cases.

Chairman ROTH. My last question—I am sure you are aware of Mr. Spinney's testimony before the Senate Armed Services Com-