

systems increased \$54 billion, about 46 percent, over refined estimates.

We have repeatedly said that the cause of cost growth in federal acquisitions is a complex problem involving economics, budget priority decisions, political decisions, and program and project management policies and practices. Factors accounting for cost growth are generally interrelated and will vary in importance depending on the type of acquisition being analyzed. Some cost growth is beyond the control of management. The most pronounced has been inflation which has accounted for about one-third historically. Recent cost growth, or more correctly in this case increases in costs, have been due to the administration's efforts to build up defense capabilities, by increasing the number of aircraft, missiles, and so forth, over that originally planned. To illustrate, during fiscal year 1982, the total estimated cost of 38 of the acquisitions reported on the Selected Acquisition Reports increased \$125 billion due principally to quantity increases.

Historically, cost growth has been a much discussed yet persistent problem. Hundreds of studies have been done, still, I feel a good deal of cost growth could be avoided. The failure to develop reliable estimates results in cost