

much fixed, where you can't do much, as against programs where you have more leeway.

Senator PROXMIRE. Let me ask you about another area. Some of us on this committee and in the Congress are very much concerned about military spending. We are also concerned about the failure of the Budget Bureau in the past to take the kind of sharp look at it that they seem to take at other areas of the spending. Mr. Zwick was quite frank in saying the Bureau doesn't go into the same detail for military spending as for civilian spending. And, of course, the amount involved is so great. This is an area where we can make sharp reductions if the policy choice persuades us that we should do it.

One of your senior staff members, Richard Stubbi, wrote a paper entitled "Improving the Acquisition Process for the High-Risk Military Electronics Systems." His conclusions were very shocking, as you may recall. He pointed out that the performance record of these multi-billion-dollar procurements made by the Defense Department in the 1950's and 1960's were both bad, and in the 1960's they were so bad that six of the 11 major weapons procured reached a performance level of less than 25 percent of their specifications. He said that they cost on the average 200 to 300 percent more than the Pentagon expected and told Congress they would cost when they started. He said they were on the average 2 years late in delivery. He pointed out that the profits of these firms had not relationship to their performance; that in one case a firm which had failed to meet its specifications on five out of seven of its weapons systems had profits 40 percent higher than the rest of the industry, and 50 percent higher than nondefense industries in this country. That in another case you had a firm that failed on all—every one—of its procurements, and in this case their profits were higher than average.

Now, under these circumstances it seems to me that this is an area that certainly ought to be explored with considerable critical detail here. And I can't understand why a dollar spent in defense shouldn't be as carefully scrutinized as a dollar spent in nondefense areas.

Mr. MAYO. I share your concern, Mr. Chairman. I am quite aware of my predecessor's statement in this regard, and the statements of some of his predecessors. I feel that we have very competent analysts and program people on the defense budget within the Bureau of the Budget. I have been very impressed with their ability. I believe, however, that we need something a little more than that in terms—

Senator PROXMIRE. It is good to hear it.

Mr. MAYO (continuing). In terms of a separate, highly competent, highly skeptical look at the defense budget. And it was with this specifically in mind that I appointed about 2 weeks ago James Schlesinger, who was head of strategic studies for RAND, as an Assistant Director of the Bureau, with the specific purpose of having him advise me on this very subject. I think this is terribly important, to have a man of this competence separate from line responsibility people to actually dig into areas that I can't possibly do myself, either from the standpoint of time or technical competence, and to make an impact on the very problem that you are talking about. He has already started work in this direction.

Senator PROXMIRE. My time is up. But let me just say, it has been my impression, and an impression that I have confirmed by talking