

Chairman ROTH. To be candid, Mr. Secretary, if I looked at your statement where you take credit for an \$18 billion savings, it seems to me that that can be misconstrued. I applaud the fact that you are taking the initiative to try to develop some figures that are significant, because what I am saying is I think it is very difficult, I want to underscore what Senator Cohen said, for Members of Congress, let alone the public, to really understand what is taking place. I think the fact that this story comes out about an \$18.4 billion decrease goes to the heart of the problem of confidence and trust in the figures.

Let me ask you this question——

Mr. THAYER. Senator, I would like to just say something——

Chairman ROTH. Please do.

Mr. THAYER. We never presented this as a savings. We presented it as simply a realistic evaluation of cost growth, or the lack of it, from year to year as a result of bad budgeting, inflation, or changes in quantity, or whatever.

Chairman ROTH. I will yield to my colleague, but I just want to, again, underscore that in your opening statement, it says:

In the 31 December Selected Acquisition Reports submitted last week to the Congress, there is reported a net decrease in 53 SAR programs of \$18.4 billion. The first time in 10 years, so we must be doing something right. While these favorable results are largely attributable to the lower defense commodity inflation index resulting from the administration anti-inflation program, the remaining cost growth is still much lower than it has been in recent years.

I do not want to get in a long argument with you, but I think the fact is that a significant part of what was the, if you want to call it a bookkeeping adjustment, was program adjustments. I would assume that you are not canceling the Trident contract, that probably all you are doing is amending it. Is that not correct?

Mr. THAYER. All we are doing is putting it in the right category. The first seven submarines have the C-4.

Mr. DELAUER. Yes. What happened, Mr. Chairman, is the way that you portray the 240 information, the first time you put in a change report. We kept trying to tell you that. No one wants to accept it. But Congress is interested in what you said you were going to do, and not what is going to happen to it. It is a change report, so consequently, when you report a particular item, in this case for Trident I with the C-4 missile in it, the program has been modified because of the strategic modernization program into the Trident II and the D-5 missile.

Now, in this report, they were put in as a line item, but there was no change. They were put in as a base number. Now, the base has increased, so the amount of money that the Defense Department is expecting to spend on the Trident submarines has increased.

The change has been less in one program, and that delta change from what has been reduced in the Trident I to the Trident II shows up as an increase in the base and not as, essentially, a program change because of escalation, quantity changes, or other things that have been designated in the way we report it.

Now, you can say that this is not clear in the news release. We will accept that.