

Mr. Secretary, the House Budget Committee has passed a budget which may or may not be accepted but which indicates a 5-percent real growth in defense spending.

I serve on the Senate Budget Committee. Judging from the general discussion among my colleagues on the Senate Budget Committee, it appears to me that there is going to be a bipartisan effort there, bipartisan consensus, that we should not increase defense spending on the Senate Budget Committee by any more than 5 percent.

Now, if there is a commonality between the Senate and House Budget Committees, and you do get only a 5-percent increase in defense spending as opposed to the larger increase that the administration is requesting, where are you going to cut?

Mr. THAYER. It is really a little early to tell, Senator, but I think that if we are forced into that position, we are going to have to cut hardware as opposed to cutting back on readiness and areas that have been neglected. We cannot afford to cut areas that traditionally have been skeletonized at times when the budget cutting becomes necessary and, consequently, have to pay the price later on down the road because of stretch outs and inadequate support.

Senator SASSER. Mr. Secretary, I am very encouraged to hear you say that if there is a pull back from the administration's proposed budget for defense spending, that you are not going to take that out of the field of readiness. That has been a concern of mine in the years that I have been familiar with this problem in the Senate and I think the concern of many others of us on Capitol Hill that we are trying to cut back in the field of readiness.

I think that would be a big mistake, and I am delighted to hear you say that you don't intend to do that.

Mr. THAYER. Let me clarify what I mean when I say we are not going to weaken readiness as it has traditionally been done in the past, and at the expense of continuing along the same road with the hardware and the quantities involved.

If the cut is severe enough, readiness is going to have to take its lumps along with everything else, but what I am saying is that it is not going to be second priority.

Senator SASSER. Good. My time has expired, Mr. Chairman.

Thank you.

Chairman ROTH. Thank you, Senator Sasser.

Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

I commend you on your scheduling of these hearings. This is an important effort, and I am glad to be able to participate in them in some way.

Mr. Secretary, first of all, just to put this one point to rest. In your statement you claim these savings in weapon systems acquisition and apparently this morning, you acknowledge that \$11 or \$12 billion of those net savings comes from an accounting change on the Tridents; is that accurate as a summation?

Mr. THAYER. No, Senator, we didn't claim savings. All we are doing is adding up the formula in the SAR. We are saying that the cost changes as compared with last year, for various reasons, are not being put in the savings category or cost avoidance category.