

are Chile, Peru, the Dominican Republic, Tunisia, Nigeria, Turkey, Korea, and India.

With regard to operation FRELOC, we plan to examine into whether the best interests of the Government are being protected in connection with the disposal of about \$550 million worth of U. S. real property in France, including surplus commodity housing.

Also, a recent survey indicates that over \$100 million worth of new construction is planned, mostly in Germany. We plan to review the requirements for the construction of these new facilities and the adequacy of procedures following in contracting for the construction.

In connection with supply operations under the FRELOC program, most of the physical inventories at military installations in France have been transferred to other sites in Europe. In the past, when mass movements of inventories have occurred, inventory controls have tended to weaken or break down. We plan to look into whether adequate stock control procedures were in effect for the FRELOC operation and whether any great loss of assets occurred. We will also review selected disposal actions.

In conclusion, Mr. Chairman, and with reference to your request for our ideas on programs requiring priority attention in the future, we believe that all of the areas we have discussed need further attention by the administrative agencies. As we have pointed out, the agencies have responded favorably to most of our findings and recommendations but increased effort must be applied continuously if permanent and far-reaching improvements are to be expected. The extent of our own work, in those areas, will depend on the rate of progress we observe in improvement of the administration of the programs.

One other area on which we are placing more emphasis is the revenue collecting activities of the Internal Revenue Service. On the basis of limited work there, we have successfully recommended some improvements both in the law and procedures.

The control of short shelf-life items also continues to need attention. While progress has been made in this area, there is more to be done. Other areas no doubt exist and some perhaps will develop during our discussions here today. Also, we will be glad to work closely with your staff in identifying subjects for consideration by the subcommittee for further inquiry.

This concludes my prepared statement. We will be glad to answer any questions you may have.

I would like to call your attention to the list of attachments. We found this necessary because our statement otherwise would have been prohibitively long. But we would be happy to answer questions or go into any details.

(List of attachments referred to above follows:)

LIST OF ATTACHMENTS

1. Identification and Disposal to the Highest Economic Use of Federal Government Real Properties No Longer Needed by the Holding Agencies. (P. 16.)
2. Defense Logistics Services Center Facilities for Promoting Greater Inter-service Utilization of Excess Stocks. (P. 17.)
3. Maintenance of Idle Production Equipment Reserves by General Services Administration, Department of Defense, and National Aeronautics and Space Agency. (P. 19.)