

nels—in other words, sell it as surplus—we turn it back to the military. We feel that we could be criticized unduly for acquiring the property which eventually we don't have a use for and trying to make money on the sale of the property.

So, we turn it back to the military who in turn disposes of it, and they keep the funds, we do not.

Mr. WATERS. I might add, Mr. Romney, that the pattern of the State-AID-USIA regulation applies basically to our own generation. I don't think it was intended to cover construction equipment, but rather office equipment.

Mr. WOLL. I said that the military keeps the money. I don't know whether that is true or not. But AID does not get the money.

Mr. MONAGAN. Thank you very much, Mr. Waters and Mr. Woll.

Mr. WATERS. Thank you.

Mr. WOLL. Thank you.

Mr. MONAGAN. Our next witness is Mr. Jerome H. Stolarow, Assistant Director, Defense Division, U.S. General Accounting Office. We appreciate your coming and shall be happy to hear you.

**STATEMENT OF JEROME H. STOLAROW, ASSISTANT DIRECTOR,
DEFENSE DIVISION, U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY CHARLES W. KIRBY, ASSOCIATE DIRECTOR, DEFENSE DIVISION, U.S. GENERAL ACCOUNTING OFFICE**

Mr. STOLAROW. I have with me, Mr. Chairman, Mr. Charles W. Kirby, Associate Director.

Mr. MONAGAN. Do you have a prepared statement which you would like to proceed with?

Mr. STOLAROW. Mr. Chairman and members of the subcommittee, I am pleased to be here today to discuss the work that the General Accounting Office has recently completed in Europe, in connection with Operation FRELOC, as well as our plans for additional audit efforts in this area.

During the fall of 1966, it became evident to us that many of the committees and subcommittees of the Congress would be interested in the events occurring in Europe as a result of President De Gaulle's decision that all foreign military forces must leave France. In order to be able to provide interested members and committees with information regarding Operation FRELOC, we undertook a broad survey covering military supply matters, disposition of surplus material, disposition of real property and related personal property, and new construction requirements arising from the movement of supplies and personnel. The results of the survey are contained in our classified report, copies of which have been furnished to the committee.

The U.S. Government operated and maintained in France, a complex military establishment consisting of several major headquarters activities, depot complexes and Air Force bases. Utilization of French territory provided ports of entry for supplies arriving from the United States, storage areas for war reserve materiel and peacetime operating stocks, a pipeline for the main supply of bulk petroleum, oil, and lubricants, storage for petroleum war reserves, and an extensive communication system. France was strategically important because these facilities were somewhat removed from the geographi-