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Mr. LIPPMAN. Because of the likelihood that the overbilling found by the Army inspectors occurred in other instances, the staff suggested to AID that it undertake an inspection of all equipment on hand in the Japan Aircraft Co. shops and in transit to country recipients to determine the extent of amounts charged to the Government for work

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justification for 1,000 trucks undergoing repair in Europe destined for use in Turkey.

Senator GRUENING. Have you some examples to illustrate that?

Mr. LIPPMAN. Yes, I do, sir.

Senator GRUENING. What are some of them?

"... AID'S CONCERN WITH IT CEASES"

Mr. LIPPMAN. For example, the hundreds of items of major pieces of equipment found deteriorating in Saigon is one example of the crash program undertaken by AID to send equipment to that country with little regard for the capability of Vietnamese agencies to absorb the inflow. Indeed, as shown in the Harbridge House report of October 1966 the AID mission in Vietnam made no assessment of the country's capability to maintain the equipment and purchase spare parts.

Discussions that I had with responsible officials of the Turkish Government disclosed that considerable amounts of equipment previously delivered to Turkey were inoperative because of lack of spare parts. It was common procedure, the staff was informed, for it to take up to 1 year to obtain approval for the allocation of foreign exchange to place an order for spare parts.

EXHIBIT 4