

agency's role in acquiring and repairing excess property. Such a role has been a rather unique one for the agency. For the most part, AID is not an operating agency. It is mainly involved in financing purchases for foreign governments and rendering technical advice to them.

The award of overhaul contracts, the administration of such contracts, the inspection of the finished product, and the necessity for inspection at the receiving end confronted the agency with problems alien to its usual mode of operation and with which it was not fully prepared to cope. We have been advised that the agency is now considering alternative methods of managing the excess property program.

Maintaining a large administrative staff in Tokyo is a very expensive matter. Finally, it does not make sense to acquire excess property in Thailand, as the agency is now doing, ship it to Japan for overhaul, and then ship it back to Thailand for use in that country when there is ample capacity in that country for the overhaul of the equipment in the first instance.

INCONSISTENCY OF AID'S PHILOSOPHY NOTED

In a real sense, the continuation of large out-of-country repair facilities, totally financed by AID, is inconsistent with AID's philosophy. Other forms of economic assistance are programed to recipient countries on the premise that aid will be phased out as each country's capability, both financial and technical, increases.

A good deal of AID's efforts are aimed at increasing the technical capability of foreign countries. However, there is no such plan for phasing out the excess property program and no overall plan for increasing the recipient countries' capabilities to undertake the acquisition of excess property and its overhaul, including the gradual assumption of financial responsibility.

Senator GRUENING. What is the evidence that substantiates that