

I have not yet been sworn in to the job, although the Senate approved me as of yesterday.

Even the most casual observer will be fully aware of some of the problems that have been raised by the subcommittee.

I do have a substantial staff of experts with me who have been engaged in this program. I am hopeful that we can advise the subcommittee on the various problems and answer your questions.

This subcommittee is well acquainted with the general size and methods of operation of the advance acquisition program. I do not believe it will be necessary for me to review these aspects of the program in any great detail today. I would like to say, however, that I believe the general concept of an advance acquisition program is a sensible one. The idea of acquiring excess property, rehabilitating it to specific standards, and then using it carefully to meet the needs of the developing nations makes sense. This is a good and proper use of property excess to the needs of the owning agencies.

But a good idea, a good concept is not enough. Any program operated by the U.S. Government must be carefully and intelligently managed. And here we have had a number of important problems in the advance acquisition program.

Mr. Lippman mentioned a number of them which I will touch on in this statement.

The best way to do this is chronologically, starting with the difficulties encountered in our rehabilitation contract with the Japan Aircraft Manufacturing Co., Ltd., in Yokohama, Japan.

The Japan Aircraft Manufacturing Co.—JAMC, for short—is a large Japanese firm which does repair and maintenance work for the U.S. Navy, Marine Corps, and Seabees, as well as AID.

#### JAMC'S WORK SATISFIES ARMY AND NAVY

We entered into a fairly standard time and materials contract with JAMC in February 1966. Under the contract, JAMC was to rehabilitate U.S. excess property acquired in the Far East by AID's Excess Property Regional Office No. 5 located in Tokyo.