

Again this gets back to this matter of selectivity. I think all of these investigations have borne this out as one of the big needs of this program.

Mr. BEASER. Another statement made by Harbridge House was that "no written standard for repair of excess equipment exists." Tool repairs are made on an inspect-and-repair only-if-necessary basis,

million has been paid to Japan Aircraft for repair work over the years, wouldn't it seem equitable to prorate the 40-percent deficient performance over the entire value of the contract since its inception? Isn't the \$59,000 a very small recovery under the circumstances? What comment do you have on that?

Mr. LEE. Mr. Chairman, we have Mr. Jacobson, our assistant counsel, who went to Japan as soon as this difficulty arose, and worked with our inspectors, and I think with your people. And he is fully aware of the details of this. And I would like to ask him to comment on it.

Senator GRUENING. Will you?

JACOBSON PUTS FIGURES IN "CORRECT PERSPECTIVE"

Mr. JACOBSON. Senator, I would like first to put some figures into what I think is the correct perspective.

You made reference to \$2 million worth of expenditures on the Japan Aircraft contract. The figure actually is \$662,614.12.

Senator GRUENING. \$660,000?

Mr. JACOBSON. \$662,000—which covers the period from the commencement of the contract through January 1967, the whole period for which the contractor has been paid by AID.

that when we speak of the 40 percent being good, it was 40 percent in which everything that was required to be done had been completed.

. . . ON DEFECTIVE EQUIPMENT

And when we speak of the 60 percent of defective work, it is to the effect that there were some item or items in that 60-percent value of equipment that had not been done, but not simply a total 60-percent nonperformance for which the contractor had been paid.

Now, with regard to 104 pieces of equipment that we had available