

That is Rota. Now, I also have some that were repaired in the United States.

Mr. LEE. There again we look to the Defense Establishment for the supervision of those contracts. If you have some examples, we would like to get together with you and get the specific examples so

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And at the time I visited these places they were undergoing inspection by an Army team. The greater part of the equipment was found to be defective. [Photograph.]

This is a 20-ton crane, with the U.S. handclasp on it, which was totally inoperative. And I believe this was one of the cranes that the Army inspector determined was beyond repair; they couldn't do anything with it. And what they were doing was pulling out the parts, cannibalizing it, as the term is used in the Army, pulling out the parts and putting them on other pieces of equipment.

As you notice, the engine is lying on the ground here. How it got there no one could really explain. [Photograph.] booked on commercial vessels. And they are offloaded in the Port of Saigon and moved to this area.

Senator GRUENING. Who pays the MSTs?

Mr. LIPPMAN. DOD pays them.

Senator GRUENING. At what rates, commercial rates?

DOD "HAS BEEN SUBSIDIZING AID . . ."

Mr. LIPPMAN. These are under an MSTs industrial fund rate which does not allow MSTs to overall lose or make a profit. However, the Department of Defense has been subsidizing AID on certain shipments by DOD billing AID for a much lower cost than the DOD cost concurred.

Senator GRUENING. In some places, doesn't AID actually pay DOD not on a cubic foot basis but on the basis of value—that is, 15 percent of acquisition costs?

Mr. LIPPMAN. Yes. However, the percentage applied to the acquisition cost varies depending on the services performed by the DOD—and we will hear from Mr. Allen at a later date, from the Department of the Army, on this subject.

I would prefer that we get the answer from him. My understanding is that in some instances DOD inadvertently billed AID on the basis