

it didn't pin down just why the situation was allowed to occur. I think this dramatically makes the point that I tried to make with Mr. Lee before: that the AID seems to address itself to specific instances that come to its attention by putting out fires, rather than by getting into the system-deficiencies that allow these situations to go undetected.

Senator GRUENING. When a defective piece of equipment comes from, say, the Japan Aircraft, and is sent into Thailand as defective, and is repaired in Thailand, who pays for the cost of repairs?

Mr. LIPPMAN. Well, this has been a mixed lot. In many cases the repairs will be undertaken by the AID or by the Thais. In Vietnam, as in Thailand, the AID mission has had to go out and award contracts to Philco, for assistance in putting equipment into condition. a claim against it, we obtained some \$29,000 for nonperformance. This pertained to the equipment that was serviced by the company between August, the beginning of August, and the end of January. Additionally, so far as the equipment on hand was concerned, the \$6,600 worth of nonperformance, the contractor had to go back and redo those pieces of equipment. So that we had received under \$30,000 in reimbursement for what we could statistically, and not as a matter of proof, reach as a settlement.

Mr. BEASER. What I am talking about is from the time of the signing of the contract, which I think was in February of 1964, until, say, August 1966, a lot of this equipment was going out to Thailand and other places in poor repair.

WHO IS RESPONSIBLE FOR THE NONPERFORMANCE?

And Thailand and the other places, through AID money, U.S. money, had to repair it to make good on what Japan Aircraft had failed to do. What attempt was made to——

Mr. JACOBSON. Mr. Beaser, we have no damage claims as such under the contract or against the contractor once property was received from them and shipped out.

Mr. BEASER. Why not?