

representing the condition value of the missing equipment at the time of acquisition. We are awaiting payment of this amount from the Government of Korea.

Mr. BEASER. Just two questions, Mr. Lee.

I realize your use of this program. This statement that you made was made last year—~~generally in terms of the general principles~~. As I indicated last week, we are taking steps to correct some of the deficiencies of our program that this subcommittee has called to our attention; the GAO has called to our attention; the inspectors have called to our attention. I think by working closely together, we can evolve a very satisfactory surplus property or excess property program that will be beneficial to the United States.

Again, I would like to repeat, we want to work with the State agencies. I think we can do it on a voluntary basis; as near as I know, we have.

We invite the State agencies to come in and sit down and talk about the agreement which was made last year.

Mr. BEASER. You would be willing to give the State agencies, as far as domestic excess is concerned, first call?

Mr. LEE. No, sir. I don't think we would. On the other hand, that is a matter of law.

Mr. BEASER. I don't mean as a matter of law. As an administrative matter.

Mr. LEE. As an administrative matter, it is my understanding that we have essentially done this except in the case of a few critical items that were required in very critical cases. I think that it would appreciably affect our program although I agree with Mr. Lippman, if we do our job well, we are going to skim the cream of the crop.

LEE WANTS AID PRIORITY TO REMAIN WHILE SEEKING IDEAL SURPLUS PROPERTY PROGRAM

I would like to reiterate again what I said last week. We have acquired in areas like Europe, where large excesses have been dumped on the market at one time, we acquired, I think, items that we probably