

sale policy. However, there has, we have learned, been considerable activity within the Department concerning such implementation. It is this activity which we will want to review at the hearing this morning.

A special aspect of exchange/sale procedure that the subcommittee will take up today deals with the list of 30 categories or groups of property which the GSA in its 1966 regulations made ineligible for exchange/sale disposal. Specifically, we want to examine how the Federal agencies concerned have handled special waivers releasing an agency from having to adhere to the restriction imposed by the 30-category list. The subcommittee takes no position with respect to the desirability or appropriateness of special exemptions from the list. But we are interested in the adequacy of procedures and practices in granting such exemptions.

Because property items within the 30 ineligible categories cannot be disposed of by exchange or sale, they have a greater chance of being declared surplus property and thus becoming available for use in the Federal donable property program. Certainly, we would be greatly concerned if through inadequate supervision and coordination among agencies most involved in the exchange/sale and donation programs, exchange/sale transactions were to range beyond prescribed or necessary limits.

Accordingly, the subcommittee is meeting today to hear testimony relating to the matters I have just touched on from representatives of the Department of Defense, the General Services Administration, and the Department of Health, Education, and Welfare.

Mr. MONAGAN. Our first witness is Mr. Paul H. Riley, Deputy Assistant Secretary of Defense for Supply and Services. Mr. Riley, would you come up to the table here. We very much appreciate your coming. I know that you are engaged in very important and urgent business, and we will try to finish as rapidly as we can.

Mr. Riley, you do have a statement here, I see. Would you like to read it?

STATEMENT OF PAUL H. RILEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE (SUPPLY AND SERVICES); ACCOMPANIED BY COL. LESTER T. DAVID, OFFICE OF SECRETARY OF DEFENSE, MILITARY STAFF, SUPPLY POLICY

Mr. RILEY. I can do whatever suits your wishes, Mr. Chairman. I can present it—I can read the statement, leave it for the record; or very quickly, in order to save time, I can give you two or three of the highlights that are in the statement.

Mr. MONAGAN. This statement, Mr. Riley, may be made a part of the record at this point, and I think if you would summarize it, we all know enough about the details and the implications so that we can take it from there.

Mr. RILEY. All right, sir.

The first part of the statement does deal with some of the past actions which you, Mr. Chairman, have already covered. That is why I think it would be prudent at this time not to reiterate those. In response to your specific request, we have informed you in our statement that our implementing instructions on the program are out now, have been published by the military services, and all of our field activities should have them and should be operating under them. With respect to the dialog that you requested in connection with granting of certain exceptions for Federal supply classification groups 15 and 16—this is aircraft structural parts and aircraft components—we did request the General Services Administration to grant us authority to proceed to exchange/sale certain aircraft components. This came about as a result of a request of the Department of the Navy. It is my under-