

But let me say this: That the Department of Defense—and I have looked into the question to some extent—has so designed its procedures that small firms simply do not have a fair opportunity to compete for R. & D. work.

I do not wish to suggest what the proper allocation is between big and small. I only say that the procedures now are so devised that the small firms do not have an opportunity to even go in and present their case to do research and development, let alone to get it.

Indeed, you will find, for example, that—and these are general figures—of all work procurement awards made by the Department of Defense, only about 36 percent were even publicized in the fiscal year 1961 and that is in spite of congressional efforts to secure both advertising and, if not advertising, synopsisizing. The great preponderance are not even publicized to small business.

Is it little wonder, then, when you find that only 16 percent of all awards for research and development made by the Department of Defense are made on a competitive basis, that only 3.2 percent are made on a competitive price basis? I think not.

Senator PROXMIRE. Where did you get that last? 3.2 on a competitive price basis?

Dr. BARBER. 3.2 percent of all research and development awards made by the Department of Defense in the first 9 months of the fiscal year 1962 were on a competitive price basis.

Frankly, I think improvements can be made here. I think that the longrun consequences can be serious. And I think it worthwhile not only going back to the provocative words of Attorney General Brownell, but also keeping in mind that the patent policies in this area mean that the person who does the work for the Department of Defense secures a patent on the work that he has accomplished with Federal money.

Again, I am not judging. I am only suggesting strongly that the longrun implications for both military procurement and the civilian sector are and can be of major consequence.

When we talk about policies respecting industrial concentration, we have to look at our own house. And I think that while the antitrust enforcement officials have been doing a very timid job, and while the administrative agencies have been encouraging monopoly, the Department of Defense has been engaging in policies that have as their very clear impact increasing levels of concentration, denying opportunities to smaller firms, and in this way tightening up the economy, rather than loosening it, as the antitrust doctrine would seem to suggest.

Senator PROXMIRE. Thank you very much.

Now, I would like to commend you gentlemen on very provocative statements, and very helpful and useful statements.

I am somewhat concerned, though, as to what we can do about it. Mr. Kahn said he did not like to tilt with windmills, and frankly, I feel that to move ahead on this front at all, windmill tilting is one of the few things available, it seems.

For example, the last argument that you made so well, Mr. Barber, that here is an area that you think we can do something about, because this is within the control of Government. However, I am chairman of the Small Business Subcommittee of the Banking Committee,