

unresolved problems that remain for determination. I think these can be better resolved within the Presidential Commission I propose, where you have representatives from business, education, Government, and labor, than through debate just among those within Government alone.

Senator JORDAN. How different is the Commission you are suggesting from the two Hoover Commissions with which we are all familiar back in the 1950's or 1940's?

Mr. GAINSBROUGH. I think they are basically the same. Wherein they differ, I think, is the emphasis that I am inclined to place upon continuous review. The Commission would review the enabling act, determine why this particular activity was undertaken, decide whether that is still a controlling factor, and then offer some recommendations as to what the legislative branch might do as a result.

I think, too, that it might differ from the two prior Hoover Commissions in that some thought might be given to a scheduled reexamination at recurring intervals, so that it would not be a one-shot operation but might be in a sense a watchdog type of activity.

Senator JORDAN. You suggested a research and updating, and certainly a surveillance would be in order, a continuous surveillance.

Mr. GAINSBROUGH. That is right. This is so important an area. From the figures you have seen on the trend of Government activity, and the holdings of wealth, then stop and ponder what future acquisitions and activities may be required under the accelerated technological change that lies ahead.

OBSOLETE ADPE

I served on the President's Commission studying Federal holdings of automatic data equipment, and I think Mr. Staats referred to this too. The Federal Government is the largest purchaser of computer equipment. It perhaps has served a very constructive purpose in the area of research and development of such equipment. But it now holds nearly \$1.5 billion or \$2 billion of obsolete equipment. How does one treat this in Government accounting? What do you do with obsolete inventories? If you insist, as apparently the decision is, to continue to purchase rather than lease, in some of these areas in which there is very rapid technological change, unlike industry where there is a charging off under depreciation of these items, you are left with the difficult question as to how to dispose, within the marketplace, of obsolete equipment, or how to treat obsolete equipment in books of accounting within Government.

PURCHASE VERSUS LEASE OF ADPE

It seems so economical to purchase rather than to lease, since the use you are going to make is so intensive. But one of the items of economic arithmetic that should be looked at in this decision is what is the disinvestment that will go along with purchases as compared with lease.

Senator JORDAN. Many businesses find it more desirable to lease because of that unknown factor of obsolescence which may strike them overnight with the improved design, more sophistication.

Mr. GAINSBROUGH. There are arguments both pro and con on the leasing and purchase of computers, but I offer it just as an illustration of the dynamics of change—