

Our division is involved in research, development, and manufacturing of data handling equipment which are those memory devices required of total computer systems. Our division manufactures memory storage drums, memory storage disk files, and the controllers necessary to interface a memory device with a computer. We are an independent peripheral manufacturer in that we, including the total corporation we are a part of, do not build computers nor total computer systems but only specialize in the data handling equipment, or more frequently called, the memory devices for total computer systems.

Mr. Chairman, the problem that confronts the independent peripheral manufacturer is the continuous position by the executive branch of Government of maintaining an objective of freezing out the small independent peripheral manufacturers from selling directly to the Government as part of large EDP systems such as the large controversial Air Force phase II contract. If this practice is allowed to continue it will decrease the national economy in that it will decrease the growth of independents and the direct result will be a stagnation of technology and a decrease in employment and in some cases independents will be forced to go out of business with the end result being less competition.

The independents consist of over 50 major manufacturers of peripheral equipment consisting of divisions of large corporations who do not build computers or total computer systems and separate firms whose entire objective of profit is derived from peripheral manufacturing; thus, several thousands of citizens of the United States receive income direct from such independents and indirectly several hundreds of thousands more U.S. citizens are employed to support those employees of independents with consumer goods and service, therefore, the independents have quite an effect on the national economy and should not be deprived of their basic right to bid on a part of an EDP system in an attempt to receive their share of the Government buying power—after all, part of the Government's buying power is derived from independents in the form of taxes. The national economy with all its variables will without any doubt decrease if the Federal Government does not cease its current policy in acquisition of total computer systems, and I do not mean a token effort, but an open policy to allow independents to bid on any part of any total EDP system requirement.

Former President of the United States Harry S. Truman said in his White House letter dated February 19, 1948, when he signed into law H.R. 1366, which granted unprecedented freedom to the executive branch from specific procurement restrictions during peacetime, that this bill had a hidden danger. This freedom, he said, was