

(See app. 6, p. 530.)

Chairman PROXMIRE. That is a peripheral manufacturer?

Mr. CAVENEY. Yes. One of their divisions makes peripherals.

Chairman PROXMIRE. How do you discriminate between a peripheral—and what do you call the other ones?

Mr. CAVENEY. They are computer manufacturers. Independent peripheral manufacturers do not make computers, nor do they make total computer systems.

Chairman PROXMIRE. But you make computer parts?

Mr. CAVENEY. No. Mr. Chairman, the word "parts" is the wrong word—excuse me.

Chairman PROXMIRE. That is all right. I am glad to get corrected.

Mr. CAVENEY. As the GSA brought up yesterday, which was not correct, you take a light bulb, and if you laid the brass base out, the filament, and the glass top, they have no purpose whatsoever until they are put together, and then and not until then do they have the intended purpose of being inserted into a socket, and you push the switch on and off, and the light comes on. Now, that is an assembly which has an end use, which can be sold as an identifiable item.

Now, I have heard this same type of statement, of assembly part, used to either distract people in Government from the fact that they are trying to maintain that a peripheral is in fact a part.

Chairman PROXMIRE. My question is to determine the difference—what superficially rational basis, if you do not say it is rational—I think you make a strong case—the Government has for not procuring from you and insisting on procuring from the computer manufacturers.

What do you do? What is it—what does the peripheral producer do, what does he provide?

Mr. CAVENEY. He makes a specialized unit that is required in a total computer system—the memory, the memory system, the printers, et cetera.

Chairman PROXMIRE. He makes all of these specialized, or some of these?

Mr. CAVENEY. He makes all of them, not just a few of them.

Chairman PROXMIRE. And the computer manufacturer would make them all, or would at least procure them all and put them together?

Mr. CAVENEY. Yes.

Chairman PROXMIRE. I raised this specific point yesterday, and I think we have raised it before; GSA, as I recall—and Mr. Knott confirmed this was their position—in contradistinction to what you say, the Government, they feel, does not have the qualified personnel to do the job of assembling the various components into an overall computer, and that to do this, and to assume this responsibility is something the Government is willing to pay for, because they feel private industry can do it better.

Mr. CAVENEY. The U.S. Navy has done it. It is not a very difficult thing. It is just like plugging your lamp into the wall—it is so simple today. We have an Ex-Cell-O 1,000 controller, and with minor insertions of the electronic cards, we can plug into just about any major computer system.

Chairman PROXMIRE. Well, don't these people in private industry who assume this management responsibility for getting the parts from