petent competition in the world computer market. Although the United States still hoards a 90-percent share of the world market, it stands to decline as foreign competition increases, particularly with heavy sponsorship of foreign governments.

The U.S. response will best be to help create an environment where its computer manufacturers can freely operate with as few restrictions as possible. Thus, and only thus, can the dynamics of U.S. business and technology continue to prevail in the world marketplace.

It is a corollary that any inhibitions, restrictions, tariffs, quotas, and retaliations that the United States imposes against other countries directly inhibits their sales to U.S. customers, the building of their economies, and the availability of dollars to them with which they can, in turn, purchase goods from the United States.

It is seen that, presently, U.S.-computer firms' foreign sales income is at the rate of $2.3 billion per year, and increasing at the compound rate of over 20 percent per year. At this rate, without restrictions, it is thus possible that U.S.-foreign computer business could reach $5 billion per annum by 1971 and $10 billion by 1975.

This compares with the $7 billion worth of quotas and restrictions in proposals now pending before the Congress, as cited in President Johnson's May 28, 1968, message to the Congress on greater prosperity through expanded world trade, in conjunction with the proposed Trade Expansion Act of 1968.

In considering protections for other elements of U.S. industry, Congress should consider their relative monetary, balance of payments, and employment impacts in relationship to the tremendous and increasing potential of the United States outstanding computer industry and should weight the considerations accordingly.

Thank you.

(Mr. Donaghue's prepared statement follows:)

Statement of Hugh P. Donaghue, Assistant to the President, Control Data Corporation

Preface

Qualifications of Control Data Corporation

Control Data Corporation is a major computer manufacturer of the United States with annualized sales volume in excess of $350 million. Control Data Corporation and its subsidiaries operate principally in the United States, but also in over 25 other countries, with about 30% of Control Data's business currently being outside the United States.

General Background re U.S. Computer Industry

It is estimated that total revenues from the sale and lease of computers manufactured by U.S. firms amounted to about $7.5 billion in 1967, of which about $2.3 billion value was due to foreign revenues, most of which were in hard currencies. Computers are one of few commodities for which foreign countries are willing to pay hard currencies including, specifically U.S. dollars where the U.S. manufacturer so requests.

CDC believes that, under proper U.S. foreign trade policies, these dollar volumes, balance of payments contributions and U.S. employment levels can be significantly increased in future years.

The following data points up the fact that U.S. computer business is a significant proportion of total U.S. foreign trade volume, and that U.S. employment re computers for foreign trade is significant:

The first commercial computers were delivered in the early 1950s and by the end of 1967, U.S. manufacturers had cumulatively delivered over 58,000 com-