

General KLOCKO. When we get equipment, Western Union has no chance to make a profit on it. It's for their company purposes, which is understandable.

Mr. ROBACK. Are there any antitrust problems associated with limitations on Government buying of equipment?

Mr. MORSE. I'm not aware of any. In what respect?

Mr. ROBACK. In respect that possibly competition among equipment suppliers might be reduced this way.

Mr. MORSE. Not necessarily, because each of the suppliers are going to Western Union and offering their equipment. Also—

Mr. ROBACK. It's not a question of Western Union having its own equipment, as in the case of Bell where they might have Western Electric.

Mr. MORSE. They might, but if a customer in DOD wants a particular piece of equipment to meet his own requirements, he will make the request to DCA and it will pass it on to Western Union to process. Western Union couldn't force a piece of equipment on DCA and say this is all you'll get. That isn't the way it will operate. That is, Western Union will not be able to corner the market for a particular piece of equipment.

Mr. ROBACK. It becomes a question of whether they will be your procurement agent for equipment in view of their other contract responsibilities for providing service?

Mr. MORSE. Yes, sir. It's related to some extent to the "computer inquiry" presently pending before the FCC in which the FCC pursuant to a notice of inquiry, is investigating the relationships of computers to communications services. The Commission is looking into the entire problem as to whether or not it should take jurisdiction over computers as they are related to communications.

Mr. ROBACK. Has the Department of Defense filed a statement of that?

Mr. MORSE. Yes, sir; with the GSA jointly.

Mr. ROBACK. With the GSA?

Mr. MORSE. Yes, sir.

Mr. ROBACK. Has GSA been your advocate in regard to your rate problems?

Mr. MORSE. In the case of appearances before regulatory bodies we have an area of understanding agreement which dates back to 1950 between GSA and DOD. This agreement is based upon the fact that GSA, pursuant to the Federal Property and Administrative Services Act, has the authority to represent the Government before the FCC. The act also provides that GSA can delegate this responsibility. The agreement provides that where the DOD has the sole interest in a particular service, and no civilian agency of the Government has a similar interest, the DOD shall represent itself before the FCC.

The agreement also provides that where DOD has the predominant interest, the DOD will represent itself, provided it obtains a specific delegation of authority from GSA to do so. In all other instances, where the civilian agencies have the predominant interest or GSA decides not to grant the delegation even though the DOD might have the predominant interest GSA will represent the Government.

In this particular instance, the "computer inquiry," GSA agreed with the DOD that we should jointly represent the Government.