

STATEMENT BY THE HONORABLE JOHN E. FOGARTY, 2nd DISTRICT OF RHODE ISLAND, UPON INTRODUCTION OF H.R. 4322, AMENDING THE ARMED SERVICES PROCUREMENT ACT WITH RESPECT TO THE PROCUREMENT OF SUPPLIES FROM SMALL BUSINESS CONCERNS, MARCH 30, 1953.

The present defense mobilization program of the United States is based in law on the Defense Production Act of 1950. The stated objectives of that act are to develop and maintain whatever military and economic strength is necessary to oppose aggression and to promote peace in the world. Section 701(a) of that Act states, "It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

As a practical matter, from my personal observations, the sense of the Congress in this regard has not been followed out in our present program. On the contrary, small business has been caught in an economic squeeze through its inability to secure a fair share of government contracts. As a result the great industrial potential of small business whose broad base should certainly be the rock on which our mobilization program is built is fast being dissipated.

One of the principles for which we are now fighting is the preservation of our way of life which includes the free enterprise system. I think that most of us will agree that to keep private competitive enterprise we must preserve small business. We must avoid a long run trend toward even greater concentration of economic power than we now know. Would it not be a travesty if, in girding ourselves for the defense of our principles, we should weaken one of those basic principles on which this country has grown so great.



The easy way of organizing industrial mobilization so that it depends chiefly on the larger enterprise is not, to my mind, the efficient way of getting full production. The small companies are a very important part of our national economy. Their output is vital to our national strength. Small business must be given an equal opportunity to produce if America is to develop her full power.

In order that small business might fulfill its capabilities and to provide a broader and healthier basis for our mobilization program, I have today introduced a bill which will give a larger proportion of government contracts to businesses of a smaller size.

Under terms of this bill, 20 per cent of the total procurement involved, when practicable, may be withheld from the successful bidder for distribution among the small business concerns, which have submitted bids. The part of the total procurement so withheld may be distributed among such small business concerns (either by acceptance of the bids made by them or by negotiated purchase or contract) on a basis involving payment to each of a price not in excess of 15 per cent above the lowest price paid to the successful bidder.

I am convinced that enactment of this bill will guarantee the survival of small business concerns as a component part of our defense effort.