

May 7, 1969

MEMORANDUM FOR

Mr. Rosel Hyde
Chairman
Federal Communications Commission

As we have discussed, the communications industry presents many unique problems for our Nation. Our national policy for communications has evolved over many years and to the best of my knowledge has not been succinctly stated in any one place.

Would you please prepare an informal, short statement of what our national communications policy is, as expressed in statutes, executive orders, Presidential statements, and FCC rulings and precedents. This should particularly include the authority for the various key elements of our policy; to the extent possible, the rationale; and also any important gaps.

Clay T. Whitehead
Staff Assistant

May 13, 1969

MEMORANDUM FOR BILL MORRILL
BUREAU OF THE BUDGET

Here are some comments on the Federal Communications organization memorandum.

I think it might be better organized if we separated the conclusions from the recommendations on pages 1, 2 and 3. This could be followed by a discussion of the organizational alternatives; the BOB report recommendations; and a summary of the views we will receive from the various agencies.

Some specific comments:

The option of placing the Federal Communications agency in Transportation rather than Commerce is simply not real; the memorandum should be written with only the Commerce alternative as a departmental location. The emergency telecommunications powers should be left in OEP, although I realize some could be transferred from the Federal Communications agency to OEP in an emergency. (General Lincoln feels strongly that he needs an emergency telecommunications preparedness capability.) In this regard, we should probably all recall from the FCC their responsibility for the emergency broadcast system that was delegated by executive order. We also need a section on the GAO recommendations and statements reflecting the views of key Congressmen. Finally, I think we need a short section on a recommended ultimate (albeit tentative) concept of how we want this thing organized, to be followed by a phased action program. There should also be a more detailed discussion of how we handle the President's responsibilities under the Communications Satellite Act and how State figures in that process. We also need a more detailed description of how DOD might organize for the national communications system operational function, since I doubt that we could simply transfer it all to DCA, which has real problems of its own.

Finally, there needs to be a full review to make sure that we have covered all of the executive orders, Presidential memoranda, etc., that currently provide our conflicting and vague policy responsibilities.

There should also be some discussion of the problems of attracting good people to the government to perform these policy analysis and operational functions, and the importance of executive branch leadership in this area, vis-a-vis the FCC. We should also point out that another successor to General O'Connell should be named pending a decision in this matter.

Attached is a copy of a memorandum I sent to Chairman Hyde and to General O'Connell. I will supply their replies to you when I receive them since they should be useful in this regard.

In recent conversations with Mac Bundy, we discussed a proposal for a communications policy research institute that would work on current policy issues, be located in the Washington area, and with the goal of making direct contributions to government policy. We also discussed how their institute would be related to any increased executive branch consistency in this area and agreed there would be a synergistic effect. Since he has probably as much money for this purpose as the U. S. Government, we should give some brief consideration to this in the memorandum as well.

Clay T. Whitehead
Staff Assistant

Attachments

cc: Mr. Whitehead
Central Files

CTWhitehead:ed

BB FORM
NO. 4

Bureau of the Budget
ROUTE SLIP

TO MR. WHITEHEAD

Take necessary action

Approval or signature

Comment

Prepare reply

Discuss with me

For your information

See remarks below

FROM BILL MORRILL DATE 5.12.69

REMARKS

Per our conversation, attached is informal first draft. While we will want to do another draft, your ideas at this point might help us get closer to what you have in mind. You should know that some of the agency comments other than FCC are slipping (i.e. DoD).

MEMORANDUM FOR THE PRESIDENT

Subject: Federal communications organization

and agencies ✓
We have completed an evaluation of a recent Bureau of the Budget study of the Federal Government's communications organization which was prepared at the request of the previous Administration. No action was taken on the report by the outgoing Administration. This evaluation was a joint effort by the Budget Bureau, the Office of Science and Technology, the Council of Economic Advisers and the White House staff.

Conclusions and recommendations concerning Federal communications organization.

The Bureau of the Budget report pointed out a need for:

(1) a strengthened organization for policy planning, formulation and direction of Federal communications activities.

Bureau recommendation: Establish a new and strengthened central policy and long range planning organization for communications in an existing Executive Branch agency.

(2) a reorganized and strengthened National Communications System (NCS) within the Department of Defense.

Bureau recommendation: The NCS staff should undertake implementing studies (1) to transfer the Federal Telecommunications System from the General Services Administration to the Department of Defense merger with the military administrative communications systems

to provide service for all Federal agencies and (2) to appropriately locate and combine the roles and functions of the Executive Agent and the Manager of the NCS within the Office of the Secretary of Defense to provide unified guidance to the NCS from within the Defense Department. An effective mechanism should be provided whereby the member agencies of the NCS can advise and be consulted by the Manager, NCS.

(3) an improved procurement and technical assistance effort in communications on behalf of those Federal agencies which do not now have their own resources in this field.

Bureau recommendation: The National Communications System staff within the Department of Defense should provide a central source of procurement and procurement related assistance for use by executive agencies.

(4) unified frequency spectrum management process.

Bureau recommendation: The management of the Government's portion of the frequency spectrum should be a function of the new communications policy organization. If a single manager is provided for the entire spectrum the total function should be placed in the new organization. The new organization should have a limited in-house research capability to support its frequency spectrum management and general policy development responsibilities.

(5) a coordinated technical assistance program for State and local governments in this area.

Bureau recommendation: The new communications policy organization should coordinate action on requests to Federal agencies from State and local governments for technical assistance in telecommunication and should provide such assistance to Federal agencies who lack in-house capability.

Current organization for communications policymaking

The Office of the Director of Telecommunications Management (ODTM) in the Office of Emergency Preparedness is now charged by executive order and Presidential Memorandum with the responsibility for coordinating telecommunications activities in the Executive Branch. The Director of Telecommunications Management also serves as Special Assistant to the President for Telecommunications.

We do not believe that the ODTM can fulfill the need for the expanded Government-wide policy formulation role contemplated in the Bureau's report. The history of the organization reveals that attempts by the ODTM to exercise leadership in communications policy have been largely ineffectual. This situation results from a number of factors such as the organizational location of the Office within OEP, an inadequate staff and the fragmentation of policy authority among half a dozen agencies with no one having overall responsibility. In view of its claimed responsibilities the credibility of the ODTM is questioned

by agencies with operating responsibilities. This conclusion leads us to agree with the original Budget Bureau study finding that an organizational change is required. The other recommendations concerning a strengthened National Communications System and a unified frequency spectrum also merit attention and could form the basis for an incremental program of upgrading Federal efforts in communications.

Organizational alternatives

There have been a variety of possibilities discussed for locating various Federal communications functions. These possibilities include:

1. An independent office of telecommunications within the Executive Office -- or an office of telecommunications attached to the Office of Science and Technology or other Executive Office component.

Basically, we believe, as the Budget Bureau report stated, that communications policy development and planning should not be an isolated activity of a Presidential staff office. It should be one element contributing to an expanded telecommunications competence within an appropriate operating agency in the Executive Branch. why?

2. A Department of Communications. We agree with the study finding that a full-fledged Department of Communications would distort the relative importance which should be attached to the Federal communications role which is insufficient at this time to justify a new Cabinet department.

3. A new Administration within an existing department or agency. The Budget Bureau study recommends the establishment of a Federal

Communications Administration within either the Department of Commerce or the Department of Transportation. This Administration would have the central policy formulation and planning responsibility supported by limited capabilities for research and technical assistance. The relative merits of locating the program in these agencies are:

(a) Commerce

Advantages

- (1) The Department of Commerce currently has an important communications research capability located in elements of ESSA and the National Bureau of Standards which could provide a technical base for a telecommunications policy organization.
- (2) The Department has no major communications consumers within it and therefore could constitute an "honest broker" for all executive agencies in planning, formulating, and directing Government-wide telecommunications policy (e.g., the spectrum management process).
- (3) Its other functions are not so large in size or aggravated by serious problems that its leadership could not devote substantial attention to telecommunications problems.

Disadvantages

- (1) The Department has an "image" with many of being primarily representative of business interests and thus might not provide a balanced representation of all interests.

(2) The Department's reputation with other executive agencies raises doubts about its ability to provide forceful leadership.

(b) Transportation

Advantages

(1) Development in modern technology are increasingly identifying the interconnections and tradeoffs between transportation and communications. The Department of Transportation would be the most logical location within the executive branch to monitor and provide governmental leadership for these developments.

(2) The Department of Transportation has strong operating bureaus with extensive working relationships with the appropriate segments of industry.

(3) Its present modal Administrations, particularly the Coast Guard and FAA, give it useful experience in dealing with the large competing forces in the telecommunications field.

Disadvantages

(1) To the extent that operating components of Transportation such as the Coast Guard and the FAA have interests as major Federal consumers of communications equipment and services there could be a conflict-of-interest situation in the view of other executive agencies if the responsibility for Government-wide telecommunications policy were placed in the Department.

(2) The Department of Transportation is a relatively new organization combining strong operating agencies with a

tradition of independence. To bring these components within an effectively-operating departmental setting is a major undertaking which still needs much effort to accomplish.

The next few years may not be an opportune time to add another major operating responsibility such as telecommunications.

Considerations for selection

The selection of either the Department of Transportation or Commerce as the organizational location for the communications functions envisioned depends (among other factors) upon your wishes with respect to the future of the Department of Commerce. If strong scientific and technical program elements are to continue within the Commerce Department (e.g., the Environmental Science Services Administration) the communications functions are a reasonable addition to that Department. On the other hand, if the mission of Commerce is to be otherwise oriented then communications functions would not be appropriate -- and we believe the Department of Transportation would be the preferred alternate.

Sequence and timing of communications reorganization

Many of the desirable changes which can be done in this field do not require -- nor is it possible to have -- immediate action. Some important changes can be made by Executive direction while other may require legislative action. We believe you should take a number of administrative steps in the communications field to vest responsibility for communications policymaking in either Commerce or Transportation. At the same time, we can upon your direction take the necessary steps

to develop the reorganization plans and other legislation necessary to implement the full range of proposals for improving Federal communications programs.

Executive Order and other Executive actions

-- The authorities of the President delegated to the Director of OEP by Executive Order No. 10995 of February 16, 1969 and No. 11084 of February 15, 1963, and the authority vested in the Director of Telecommunications Management by the President's Memorandum of August 21, 1963, establishing the National Communications System, should be withdrawn and delegated to either the Secretary of Commerce or the Secretary of Transportation.

-- Establish a Federal Communications Administration within the Department of Commerce or the Department of Transportation.

-- Transfer the responsibilities vested in the Director of Telecommunications Management by Executive Order No. 11191 of January 4, 1965 with respect to the functions conferred upon the President by the Communications Satellite Act to either the Secretary of Commerce or the Secretary of Transportation.

-- Direct the Secretary of Defense to undertake implementing studies on the transfer of the Federal Communications System to Defense and the appropriate Manager of the National Communications System, including an expanded role for the NCS staff in providing telecommunications procurement and procurement related assistance to executive agencies.

all
which?
(State)

Reorganization Plan action

-- Transfer the following to the Department of Transportation if the Federal Communications Administration is to be located in that agency:

- o National Bureau of Standards Radio Standards Laboratory, Boulder, Colorado
- o Environmental Science Services Administration's Institute for Telecommunications Services, Boulder, Colorado
- o Portion of ESSA's Wave Propagation Laboratory, Boulder, Colorado, which conducts research on sub-millimeter wave propagation.

-- Transfer the responsibility vested in the Administrator of General Services under Section 201(a)(4) of the Federal Property and Administrative Services Act of 1949, as amended, with respect to representation of Federal Government interests in telecommunications matters before Federal and State regulatory bodies to the Secretary of Commerce or the Secretary of Transportation.

-- Transfer responsibility for frequency management vested in the Federal Communications Commission by the Communications Act of 1934, as amended, to the Secretary of Commerce or the Secretary of Transportation, while providing for coordination between the spectrum manager and the FCC in areas of mutual interest and concern and preserving the FCC's licensing and regulatory functions with respect to broadcasters and common carriers.

MAY 19 1969

Honorable Robert P. Mayo
Director, Bureau of the Budget
Washington, D. C. 20503

Dear Mr. Mayo:

In response to the letter from Deputy Director Phillip S. Hughes, dated May 3, 1969, the Department of Commerce is pleased to submit its comments on the Bureau of the Budget report entitled, "Study of Federal Communications Organization", dated December 1968.

The Department concurs in the report's major findings and recommendations. The new agency recommended in the report would provide an opportunity for development of a more rational and progressive telecommunications policy for the Nation. The establishment and location of such an agency in an existing Department as recommended by the Bureau of the Budget, will enable meaningful Executive Branch participation in the development of comprehensive national policies, a capability that will be essential, if our Nation's current rate of progress in this area is to be maintained. In addition, such an agency would contribute significantly to improved Federal utilization of telecommunications resources, through development of appropriate policies and guidelines. All major studies of the existing situation in telecommunications have pointed to the need for an effective central focus for national policy. Implementing the BoB report would be an important first step in achieving this significant goal.

The Department of Commerce is firmly convinced that the field of telecommunications offers great promise for the future economic development of the Nation. The pace of technology here is very fast. New telecommunications systems will be required to cope effectively with burgeoning public problems, for example, in the broad fields of education and welfare, in dealing with the many problems of

*Mr. Whitehead
JFT - Pk consider
these thoughts
JMO*

urban environment, in the expanding fields of safety and business services, as well as in the continual growth of existing services. Our ability effectively to innovate and utilize such new telecommunications systems may well be a pacing factor in our economic development in the next two decades.

The Department of Commerce specifically supports the statement in the report (Page 36) that overall management of the spectrum should be vested in one executive agency. The current division of management responsibility for this important national resource between the FCC and the DTM results in undue waste and inefficiency. The present separation of these activities from research and development is a further weakness. The Department also concurs in the definition of the capabilities and mission of the proposed new telecommunications central policy and long-range planning organization as delineated on page 4; namely, the proposed agency should:

- (1) "have the necessary multidisciplinary capability to advise and assist the FCC by engaging in communication systems analyses, long-range economic and technological forecasting, delineation of technical and service standards, and review of major system design and investment choices of the industry;
- (2) "have centralized responsibility for spectrum management, including government research and development related to spectrum;
- (3) "have responsibility for studying communications-related research and development for potential application to the mission needs of other agencies, and for the accomplishment of broader national goals;

- (4) "have responsibility for initiating, monitoring and evaluating prototype experiments and pilot programs, and providing assistance to other agencies in connection with such experiments and programs;
- (5) "provide telecommunications advice and assistance to other Federal agencies, as well as State and local government, on request, especially in connection with procurement;
- (6) "engage in long-range policy planning."

Full implementation of the concepts in the BoB report will allow management of the spectrum as a unified resource, with appropriate sharing by Federal and civilian users. Moreover, it will enable formulation and recommendation of new policies and approaches to spectrum management, based upon the overall public interest. The new agency would also be able to draft and support legislative proposals, on behalf of the Administration, to provide laws needed to accommodate new telecommunications technology, and to facilitate imaginative new uses of the spectrum. The close relation to research and development recommended in the report would stimulate sensitivity to expected future innovations in the development of public policy.

In our view, this policy agency should be carefully separated from major operating responsibilities, such as those envisioned in the BoB report for the Department of Defense. The policy agency needs to cultivate and maintain a national perspective in its activities. It must be fully alive to the great opportunities for national welfare which lie outside the internal needs of the Federal Government and which are to be found in new services, many of which may be

generated by the private sector. It should therefore avoid commitment to the status quo. An important prerequisite for operation in this manner would be clear separation from major operational responsibilities.

In the research and analysis area, the report suggests that several organizations from the Department of Commerce could serve as the nucleus of an R&D organization for the new telecommunications policy agency. At present these organizations provide a research service not only to ESSA but also to other Federal agencies such as the Department of Defense, and many civil agencies, etc. Many of these basic units should continue to supply services as part of the Department of Commerce. However, components of the ESSA Institute for Telecommunications Science are available to supply the foundation for the research and analysis required by the policy agency.

In addition to the development of an expanded research capability, a supporting systems analysis arm will be required by the new agency for broad interdisciplinary studies needed as a basis for policy. The largest non-defense systems analysis group in the Government exists within the NBS Technical Analysis Division. Elements of this unit would be available to provide service to the telecommunications policy agency on demand for analyses of problems and opportunities.

The combination of appropriate elements of the Institute for Telecommunications Sciences and of the NBS Technical Analysis Division will provide the original nucleus for an R&D group. A vigorous program looking towards significant expanded use of our national telecommunications resource will require expansion beyond these facilities and should also envision contract support for studies by both public and private institutions.

With respect to the major operating responsibilities recommended for the Department of Defense, no mention is made in the BoB report of the funding required for the National Communications System. If non-DoD agencies are to

contribute to its support, reliable mechanisms will need to be established to assure that they have a voice in the design and operation of the NCS. The recommended inter-agency committee (page 23) should be vested with sufficient authority to bring this about. Arrangements will need to be made for minimum essential administrative communication capability by civilian agencies, even in cases of extreme emergency, to prevent unnecessary preemption of important civilian agency operations.

As we have communicated previously to you and to the President, we plan to revitalize the Department by recasting it as a department of economic development with enlarged responsibilities in many areas important to the continued health of the Nation's economy. A significant part of this planned reorganization would be the establishment of a telecommunications administration within the Department of Commerce which will be prepared to encourage and support innovation in the use of the telecommunications resource for the public interest. We believe the general area of telecommunications to be one of the most fruitful for innovation and economic growth.

The proposal of the Bureau of the Budget taken in conjunction with the report of the Rostow Task Force lays the foundation for an expanded and dynamic telecommunications program; one which can contribute significantly to the economic development of the Nation. A program of this importance will require careful planning and adequate funding. The Department of Commerce stands ready to contribute to the design of this new program in time for the Administration's first comprehensive budget this Fall.

Sincerely,

MAURICE H. STANS

Secretary of Commerce

DBSmith/tew

CONTROL #100025

cc: Ex. Sec.; Dr. Tribus; Mr. Lynn; Mr. Smith

6/5/69

Mr. Phillip S. Hughes
Deputy Director
Bureau of the Budget
Washington, D. C. 20503

Dear Mr. Hughes:

This is our response to your letter of May 3, 1969 transmitting the Bureau study of Federal Communications Organization. We are in agreement with the essential conclusions reached by the Bureau but disagree with one major recommendation.

We agree on the need for coordinated policy direction at departmental level.

We agree on the need for improved procurement and technical assistance effort in the telecommunication area.

Few will dispute the need for unification of radio frequency management.

While virtually all participants in the National Communications System (NCS) recognize that it requires strengthening, we differ from the Bureau recommendations in one respect. We believe the Executive Agent role provided by Department of Defense (DoD) for NCS should be allied to the policy role and not, as the report suggests, be contained within the DoD.

The proposed plan of the study contemplates two primary organs for the conduct of Federal Government communication functions -- a policy making body and a second body responsible for the management and operation of the Government's own communication services. The study suggests that the policy responsibilities be conducted by either the Department of Transportation or the Department of Commerce; the management function would be conducted by the NCS within DoD. This latter proposal is cause for concern.

The National Communications System (NCS)

The NCS was established in 1963 as a mechanism to achieve integration of the major operating communications systems of the Government. While

the NCS does not operate any system, the major long haul communications systems are contained within it as reporting elements. The Director of Telecommunications Management (DTM) is responsible for policy direction of the NCS while the Secretary of Defense is the "Executive Agent" responsible for integrated planning and operation. The Director of the Defense Communications Agency (DCA) functions as "Manager" of the NCS. In his role as DCA Director, the NCS Manager reports to the Secretary of Defense through the Joint Chiefs of Staff.

There are 47 separately organized communications systems under the general coordination and direction of the NCS. The major systems are Defense, Diplomatic, Space and Air Traffic Control communications systems and the Federal Telecommunications Systems (FTS) -- the administrative voice network used by the civil agencies and administered by the GSA. In addition, there are a number of smaller communications systems operated by the Coast Guard, Veterans Administration and others.

The Bureau study would amend the NCS structure in three regards: 1) the FTS would be transferred to the Department of Defense for merger with the military administrative communications systems (AUTOVON and AUTODIN); 2) the function of the Executive Agent and the Manager of NCS would be combined within the Office of the Secretary of Defense and provide direction to the NCS from within DoD. We construe this as a suggestion to create a position of Assistant Secretary for Communications within DoD in recognition of this enlarged responsibility; 3) the Federal agencies responsible for operation of the separate systems would act in an advisory role to the Executive Agent providing "support, cooperation and guidance". This role differs from current arrangements in that the operating agencies now serve somewhat as a Board of Directors seeking unanimity of views or consensus. Responsibility for improvement of the NCS would be placed directly on the Executive Agent.

We recognize the need for consolidating the separate administrative network, and the desirability of more decisive administration of the NCS. However, we question the practicability of establishing the Executive Agent within DoD. There are two primary reasons for our reservations.

The study recommends that the policy organization "provide guidance" to the NCS. This is precisely the role now played by the DTM vis-a-vis NCS, and is subject to the same infirmities. Theoretically, policy making, in our view, functions more effectively with management as its executive arm. The NCS role is basically that of coordination and management of the separate networks. To be effective the policy maker must be constantly abreast of the problems -- technical, operating and regulatory -- which merit policy considerations. The development of long range plans -- a paramount function of the policy maker --

requires continuing knowledge of intermediate and short term operations. The NCS should be the focal point for generation of this information and more logically can be structured with the policy authority as its Executive Agent. On the other hand, consolidation of the management and policy role within DoD would be inappropriate. Traditionally, our Government has been organized with policy leadership over civilian functions performed by the civil departments of the Government.

A second reason for concern over proposed assignment of the NCS Executive Agent role to DoD stems from operating considerations. The requirements of all Government communications users are common with respect to the need for reliability, speed and flexibility. Military requirements for exercising command and control functions under emergency conditions warrant separate communications facilities (though interconnected with the administrative networks). Although AUTOVON handles predominately administrative traffic, its design was geared to the relatively small military command functions. The impasse within NCS, since its formation, has been a reflection of the conflict to "unify" on the basis of military standards, whereas civil government representatives have insisted on more frugal service standards. If economy of operation is one objective of unification, this goal might well be lost under DoD direction of the NCS.

Some Alternative Operating Structures

In order of preference, we submit two alternative proposals for organizing the operating management responsibilities.

The necessity for consolidating all common user administrative communications systems is apparent. "The reality of the situation where the DoD operates a massive portion of the total Governmental communication network is easily recognized." With this reality, it may be appropriate for DoD to assume responsibility for consolidation of all common user administrative systems. It would, of course, continue to operate its own special purpose, mission oriented communications systems. As suggested above, the NCS role would be strengthened and broadened. It would be strengthened by structural modifications proposed in the Bureau study, except that the function of Executive Agent would be furnished by the policy organization, rather than by the DoD. The NCS role would be broadened to encompass the authority to issue standards of network design applicable to common user systems, as well as guidance applicable to special user systems. The NCS mission heretofore has been that of "network integrator". This added role, as system designer, would place it as an arm of the policy organization. The interest of the DoD would continue to be protected by virtue of its position and representation within the NCS.

A second suggestion is a compromise between the Bureau recommendation on operating structure and our suggestion made above. If political exigencies dictate a requirement for the NCS structure as proposed in your paper, we urge that clear and unequivocal authority be assigned

to the policy organization in at least the following areas: 1) the policy organization should have power of review over the establishment of new networks and over significant expansion of existing networks; 2) it should be responsible for exercising post-audit review to ascertain that stated requirements are in conformity with actual utilization; 3) the policy organization should have authority for establishing standards of network design applicable to Government-user systems, and 4) working in liaison with the DoB, the policy organization should provide budgetary review of major capital or annual recurring communications expenditures of each agency or department.

The Role of the Department of Transportation

The latter part of the study contains a brief evaluation of the advantages and disadvantages of the DOT assuming policy making authority under the reorganization plan. A few additional remarks may be in order.

Advantages. The study recognizes the large scale tradeoffs between transportation and communications. A number of these technical means for substitution are well within the state-of-the-art today; they will become commercially and economically feasible at a more rapid pace if energetically pursued by a single rationalizing department, rather than through coordination of two cabinet departments. The emergence of videophone, broadband data and conferencing services will be a substitute for jet flights. Low-cost, high-speed facsimile services could eventually permit the removal of thousands of postal delivery trucks and newspaper vans from congested city streets. A massive cheapening of transmission and switching costs may make possible the restructuring of industry's central office complex into decentralized office-home operations and change the whole nature of urban problems. But "systematic optimization" will require centralization of planning responsibility. We believe DOT can effectively do this job.

There are several other considerations which are pertinent here. DOT is a "conflict-oriented" agency. Unlike more placid, old-line Government operations, we are constantly at the forefront of disputes, none of which have easy solutions. The ability to function purposively is thrust on the Department by the nature of the transportation industry. The same ability is called for in the communications field.

A major key to effectiveness in the telecommunications policy area is possession of the technical and engineering competence which is derived from experience in actual communications operations. Outside of DoB, the Department, through its administrations (FAA and Coast Guard) has such unique capability within the Government.

A further advantage of the DOT exercising the policy role is its experience in the representation area. The study recognizes the needs to establish an effective public interest advocacy role in

telecommunications proceedings before Federal and State regulatory bodies. DOT is currently fulfilling this responsibility in the transportation regulatory field. Only DOT, of the executive departments, has the experience and background to exercise public interest advocacy before the regulatory commissions.

Disadvantages. DOT contains administrations which are major consumers of communication services and equipment. The study contends that location of policy responsibility within DOT could bias decision making in favor the Department's user interests. If this point has validity, it is universally applicable throughout the Government. All departments are large users of communication services. The same potential conflict of role would arise regardless of where the policy authority is located. Even this theoretic disadvantage is balanced by offsetting considerations.

The Bureau study recommends that DoD contain the major operating systems, including the Governmentwide administrative networks. It is reasonable to presume that DoD, because of the vast scope of its user role, its extensive staff and constituency, would exercise countervailing influence to any abuse of policy authority. The Defense establishment has been singularly zealous in the protection of its interests in communication matters; it may be presumed that its voice will not be muted by transformation of policy authority.

If the Department of Transportation is assigned communications policy authority, it would seek to assure objectivity by establishment of a separate communications organization reporting to the Secretary. The major foreseeable issues which will confront the communications policy organization are issues which are highly controversial and with representation of major industrial groups on both sides of every question. There is nothing clandestine about communications policy decisions; they must be constantly exposed to the public arena to be known and to be effective. It would seem clear that any systematic "in-dealing" on the part of the policy organization would become the subject of rapid criticism, raised to the highest level, by other Governmental bodies and by private advocates who may be adversely affected.

Conclusions

In discussing the substantive portions of the study, it has been necessary to emphasize the area of our differences. Nonetheless, it should be clear there are far greater areas of agreement with the conclusions reached by the Bureau than disagreement. Recently, I submitted a paper to the President on "DOT's Potential Role Regarding Telecommunications". You may be interested in the close

parallel of the DOT views on federal communications organization and those set forth in the Bureau study. A copy of this paper is enclosed.

The implementation of the recommendations contained in the Bureau study, as modified by our suggestions, would be a timely recognition of the importance of communications to the national economy and the role of civilian policy making in enhancing contributions of the private sector.

Sincerely,

15/ James M. Biggs
Acting Secretary

Enclosure

RGabel:pap:5/15/69

cc: S-10 (3)

TPI-1

TPI-3

TIA-50 subj

June 17, 1969

MEMORANDUM FOR GENERAL O'CONNELL

Regarding your memorandum of June 16th on Administration testimony on communications organization, I think this is something we will have to discuss early next month after we have a better idea of where we are going.

I requested that Commerce and Transportation be let off the hook for the Dingell hearings this month for a number of reasons, but we are thereby under pressure to deliver next month. One of the purposes in delaying was precisely your point that we should not have conflicting views presented. We should both remember to raise the subject again in a couple of weeks.

Clay T. Whitehead
Staff Assistant

cc: Mr. Flanigan
Mr. Trent
Mr. Hofgren
Mr. Whitehead ✓
Central Files

CTWhitehead:ed

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

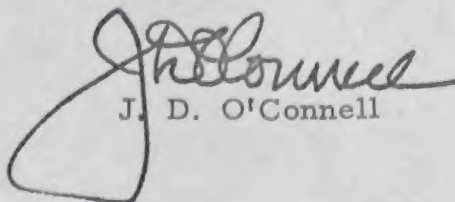
June 16, 1969

MEMORANDUM FOR MR. CLAY T. WHITEHEAD

Enclosed is a copy of an article from the June 16 issue of Telecommunications Reports. This is the subject which I discussed with you last week.

One of the questions to which I will need an answer is whether the White House will wish to have me testify and if so to what effect. The question will also arise as to whether it will be considered desirable to have witnesses from the Commerce and Transportation Departments appear.

Subject to further deliberation and discussion, it appears to me that on the subject of organization there should be one spokesman for the Executive Branch rather than to have the Committee get involved in developing a number of conflicting ideas, views, and recommendations.


J. D. O'Connell

Attachment

cc: General Lincoln

ADMINISTRATION VIEWS ON REORGANIZATION OF COMMUNICATIONS ACTIVITIES
MAY COME TO LIGHT AT HOUSE SMALL BUSINESS UNIT'S UPCOMING HEARINGS;
DINGELL SUBCOMMITTEE HOLDS FURTHER SESSIONS ON SPECTRUM ALLOCATIONS

The avenues being pursued in seeking ways to reorganize the federal government's activities in the area of telecommunications may be mapped out in about another month when key administration officials are called to testify before the House Small Business subcommittee on regulatory agencies, it was indicated last week.

During the course of hearings by the group last week, witnesses scheduled to appear from the Commerce and Transportation departments were removed from the previously published list--reportedly at the request of the White House--and a subcommittee spokesman said they will be called to testify in about another month. It was also indicated that Director of Telecommunications Management James D. O'Connell will be invited to appear at the same future hearings.

HIGHLIGHTS: Hyde, Robert E. Lee, and Johnson statements to House subcommittee points up opposing positions on Commission regard "block allocation" principle. . .Dingell, sharp critic of FCC in past, has kind words for agency's work "of late," but condemns budgeting procedures which handicap Commission in doing its work. . .JTAC and Arinc spokesmen among witnesses at week's sessions.

The development stirred speculation that executive branch studies--centered in the Budget Bureau--involving possible means of reorganization, including particularly the question of management of the frequency spectrum, might come to light in somewhat the same fashion that the report of President Johnson's task force on communications policy was prodded loose recently by a House Commerce subcommittee.

At last week's hearings, the Small Business subcommittee continued its exploration of the "allocation of radio frequency spectrum and its impact on small business," with appearances by members of the Federal Communications Commission; Alan Novak, who was Staff Director of the communications policy task force; Richard P. Gifford, Chairman of the Joint Technical Advisory Committee; John S. Anderson, Chairman of Aeronautical Radio, Inc.; and representatives of a number of user groups.

Subcommittee Chairman John D. Dingell (D., Mich.), one of the most outspoken Congressional critics of the FCC since his panel began looking into the spectrum allocation situation, softened his attack last week and was, in fact, complimentary as far as the FCC is concerned.

Noting the "significant progress" which has been made "of late" by

the agency, Congressman Dingell said it is a source of "comfort" to the subcommittee. He particularly commended FCC Chairman Rosel H. Hyde for his strong efforts over the past couple of years in concentrating much of the Commission's efforts on the land mobile frequency problem, but he continued his condemnation of the budgeting procedures within the federal government which, he feels, have resulted in denying the FCC sufficient money and manpower to do its work.

The testimony of FCC members--with a "main" statement by Chairman Hyde and independent presentations by Commissioners Robert E. Lee and Nicholas Johnson--added substantially to public knowledge as to how the members of the agency feel about some of the "nuts and bolts" of the land mobile radio frequency problem, and what should be done about it.

There were, however, no new indications of a "breakthrough" past what the Commission has formally proposed in its outstanding rule proceedings, or what it had outlined to the House Independent Offices subcommittee in testimony reported earlier.

Chairman Hyde's statement, which he read in full on behalf of himself and Commissioners Kenneth A. Cox, Robert T. Bartley, H. Rex Lee, and James J. Wadsworth, was described by Commissioner Lee as a "defense" of the "block allocation" system for land mobile radio; Mr. Lee's statement was in strong opposition to the "block" system; and Mr. Johnson's emphasized, as he put it, "the urgency for increased resources if the FCC or any other agency is to deal effectively with the problems of frequency management so tardily identified."

The FCC Chairman pointed out in his statement that "block allocations" is "merely a shorthand description of the allocation of a particular part of the spectrum for a particular use on a nationwide basis. Because of operational, technical, and economic considerations, block allocations are the basis of worldwide standardization of frequency allocations. They are, therefore, the basic framework within which the Commission must approach its allocation duties. This is particularly so with respect to such services as aeronautical mobile, aeronautical radionavigation, maritime mobile, maritime radionavigation, international fixed, international broadcasting, radio astronomy, and the several space services."

After stressing the need for standardization and the "advantages" of block allocations, Mr. Hyde said that "Lastly, but of substantial importance, block allocations have permitted the Commission to make frequency assignments at a fraction of the administrative cost that would otherwise have been required."

While "we recognize the shortcomings of the block allocation system and agree that current allocations should be reviewed and reapportioned in accordance with current and foreseeable future spectrum needs

and technological developments," the FCC Chairman stated, "complete departure from this allocation principle should not be made until alternative methods are well documented and thoroughly tested."

Commissioner Lee's main thrust, in his prepared statement, was in opposition to a continuation of the block system. He pointed out that in 1958 he advocated reallocation of all television broadcasting to the UHF band, confident that it would resolve disparities between VHF broadcasters and the "then floundering UHF broadcast industry. . . . An integral part of my proposal was to turn over the VHF television bands to the land mobile radio services."

Since passage of all-channel TV receiver legislation, he added, "I have been forced to abandon this proposal," but "I am no less sympathetic today than I was then that the inequities in spectrum allocation have caused havoc in certain portions of the land mobile services."

He observed that the United States "is the only country" where "authority over the entire radio spectrum is not vested in a single entity. I have stated my view that the entire radio spectrum should be made the responsibility of the FCC. Upon the proper administration of the spectrum, which will take some improvement over current practices, I am confident that government and non-government services alike will have an equitable allocation to satisfy their spectrum needs."

Commissioner Lee said he intends to "press for. . . a comprehensive study to be made to test claims that land mobile equipment in the 900 mc range would not be fully adequate and of reasonable cost to consumers."

Commissioner Johnson said that while there is "much" in the FCC majority statement to the subcommittee with which he agrees, "I cannot subscribe to the general impression given by the Commission's statement that all is well with the Commission as spectrum manager, that our past behavior has been well-considered, and that expeditious resolution of frequency management problems is in the offing."

He declared that "We continue to function under the unarticulated assumption that demands for frequency utilization will continue to increase by no more than small increments over the years to come. I believe someone ought to be considering the possibility that our estimates are woefully inadequate--that, indeed, our present conceptions of use and administrative procedure are actually significantly impeding mobile communications in this country. . . ."

The Joint Technical Advisory Committee, Mr. Gifford, of the General Electric Co., reported, believes that "the time has come to get technically organized for the task of managing this fantastic (spectrum) resource in the public interest. Old-time administrative conveniences of long-term unfilled reservations no longer can be tolerated.

"We've got to have tools on hand to do special jobs of cutting and fitting services on regional bases. We've got to have sound technical guidance available to the spectrum managers to push for more efficient use with the passage of time or even to plan ahead to replace old uses with new uses, wherever new technologies create new demands on the spectrum or new substitutes for the spectrum. . .

"To do that will require an entirely new outlook in funding the technical foundation for management of this resource. The building of a spectrum engineering capability and facility may now be identified as the key to progress in utilization of the radio spectrum in the public interest."

For Arinc, Mr. Anderson, looking ahead to large capacity and supersonic aircraft, as well as continuing increases in commercial and general aviation volumes, commented that "air/ground/air radiotelephone communications capability must be substantially increased, and an air/ground/air digital data communications exchange with a computerized ground system must be implemented as rapidly as possible. On overseas routes, the air/ground/air path must be via satellite.

He said that Arinc has forecast a need for 428 channels by 1985 and 581 by the year 2000. But, he pointed out, radio frequency allocations to the aviation services have not changed materially over the past 20 to 30 years, and at present 64 channels are available for operational control purposes and 10 for air terminal use.

Noting that his estimates do not include any space for air traffic control, he said that Arinc believes that if 22 megahertz were provided for the aviation services--enough to meet the estimated 1985 requirements--technological advances should make that space adequate for added channels "for the foreseeable future." -End-

FCC AUTHORIZES 122 SATELLITE VOICE CIRCUITS FOR AT&T AND HAWAIIAN

Authority to lease jointly and operate 122 satellite voice circuits between the United States mainland and Hawaii was granted to the American Telephone & Telegraph Co. and Hawaiian Telephone Co. by the Federal Communications Commission last week.

The two companies had stated in requesting the facilities that the 122 circuits will be required to meet the demand for service by the end of 1969, with 107 for message telephone and the remaining 15 for private line services.

In other international service² developments last week, ITT World Communications announced that telex service between the U.S. mainland and Puerto Rico and the Virgin Islands became available on a one-minute minimum time basis Thursday, June 12. -End-

Don Set

June 27, 1969

MEMORANDUM FOR GENERAL LINCOLN

Attached is the draft memorandum I referred to in our telephone conversation of the 25th.

I am not strongly wedded to the final recommendation, but proceed on the assumption that a slight challenge evokes the most interesting discussion.

Give me a call at your earliest convenience when you want to discuss this. I am not distributing this to anyone else at this time, pending our discussion.

Clay T. Whitehead
Staff Assistant

cc: Gen. O'Connell
Mr. Flanigan
Mr. Whitehead ✓
Central Files

CTWHITEHEAD:ed

THE WHITE HOUSE

WASHINGTON

June 26, 1969

DRAFT MEMORANDUM

There are a number of important problems with respect to Federal telecommunications policies that suggest reorganization:

1. The communications industry is heavily regulated by the FCC and is heavily affected by the communications activities of Federal agencies. However, neither the FCC nor the executive branch have a significant capability for systematic analysis of telecommunications policies, their impact, their effectiveness, or their costs. The "cooperation" between the FCC and various parts of the executive branch appears to consist largely of gentlemen's compromises among competing interests and philosophies. The increasingly rapid rate of technological change and introduction of new services makes policy-by-precedent increasingly less relevant and more restrictive.

2. The so-called National Communications System remains a loose confederation of agency systems. In spite of the highly desirable interconnection capabilities that have been developed over the last few years, there has not been adequate specification of emergency capabilities, hardness, and priority override features necessary to permit informed decisions about the adequacy, performance, and cost of the system. No one seems to know what a "unified" NCS means, would cost, or would accomplish.

3. The extremely rapid rate at which communications are growing in the United States has brought about increasing conflicts over the use of various parts of the frequency spectrum and the beginnings of a spectrum shortage crisis.

Federal organization weaknesses:

Since World War II, there have been a number of studies of Federal communications organization and a number of reorganizations and shifts of responsibilities within the executive branch. None has

proved particularly satisfactory, and, indeed, there does not seem to be any neat solution to this problem. The lack of a good solution apparently is due to the quasi-independence of the FCC from the executive branch and to the conflicting requirements of Executive Office telecommunications coordination and individual agency mission responsibilities.

The study of the Federal Government communications organization completed in December 1968 by the Bureau of the Budget provides as good a statement of the shortcomings of our current organization. The Bureau of the Budget reported a need for:

- (1) a strengthened organization for policy planning, formulation and direction of Federal communications activities.

- (2) a reorganized and strengthened National Communications System (NCS) within the Department of Defense.

- (3) an improved procurement and technical assistance effort in communications on behalf of those Federal agencies which do not now have their own resources in this field.

- (4) unified frequency spectrum management process.

- (5) a coordinated technical assistance program for State and local governments in this area.

Current organization for communications policymaking:

The Director of Telecommunications Management (DTM) in the Office of Emergency Preparedness is now charged by Executive Order and Presidential memorandum with the responsibility for coordinating telecommunications activities in the executive branch. The DTM also is designated Special Assistant to the President for Telecommunications. However, the history of the organization reveals that attempts by the DTM to exercise leadership in communications policy have been largely ineffectual. This situation results from a number of factors such as organizational location, inadequate staff, and fragmentation of policy authority among half a dozen agencies with no one having overall responsibility. In view of its claimed responsibilities, the credibility of the DTM is questioned by agencies with operating responsibilities.

There is now no office in the executive branch with the responsibility or the capability to review national telecommunications policies as expressed in legislation and in FCC policies. The antitrust division of Justice has occasionally filed briefs on competitive aspects of decisions before the FCC, but these derive largely from antitrust considerations rather than from familiarity with communications issues. The Council of Economic Advisers has shown almost no capability or interest in telecommunications, and OST is certainly not equipped for addressing the fundamental economic and institutional problems of the industry and its regulation by the FCC. The Administration is therefore largely unable to exert leadership or take initiatives in spite of vulnerability to criticism for FCC policies.

Executive branch responsibilities:

There are six major functions that are the responsibility of the executive branch in the telecommunications area:

1. Assignment of frequencies for Government communications.
2. Research and development.
3. Formulation of recommendations for national policy with respect to telecommunications.
4. Definition and assurance of emergency communications capabilities.
5. Policy planning responsibilities for Government communications activities.
6. Procurement of Government communications services and operation of Government communications facilities.

Agency views:

The Budget Bureau study of Federal communications organization made a number of major recommendations (see attached summary) and was recently distributed to the concerned departments. Agency

views on the Budget Bureau recommendations have been received. These views share a common theme that (1) stronger coordination from the top is required in establishing Government policy for its own telecommunications requirements and that (2) the Federal Government should take a stronger role in the evolution of national telecommunications to deal with the increasingly rapid rate of technological change and industry growth.

There is, however, no consensus among the agencies as to the appropriateness of the Bureau's recommendations. The history of this area suggests strongly that it will be unprofitable to seek further agreement among the agencies. There is no solution that will represent a desirable compromise, and no solution appears sufficiently strong on its merits that it looms out as the obvious choice.

Alternatives:

A number of organizational arrangements that have been suggested in the Congress or the press can be rejected immediately as impractical or politically infeasible. These include establishment of a Department of Communications, transfer of DTM functions to an existing Cabinet department, and significant expansion within the Executive Office of the President by creation of a new Office.

Determination of emergency communications requirements clearly must remain in OEP. Likewise, major involvement by the executive branch in nongovernmental communications policy matters before the FCC and the Congress should be centered in one of the Cabinet departments -- probably Commerce. There appear to be two feasible alternatives:

- (1) Maintain essentially the status quo, but clarify and strengthen the conflicting Executive Orders through which the DTM derives his authority. If this is done, the office should be strengthened by expansion of staff resources and perhaps by raising the DTM to the rank of deputy within OEP.

(2) Create a new organizational unit in the Department of Commerce to address explicitly the major national telecommunications issues and take an increasingly active role in advocating policy to the FCC and the Congress. This alternative would require some shifting of responsibilities from the current DTM, and the issue would be just where to draw the line in allocating responsibilities among the two offices.

Recommendation:

A Federal Communications Administration should be established in the Department of Commerce. The Administration would encompass the current ITS research program; the National Electromagnetic Compatibility Analysis Center; be responsible for Government spectrum allocation; provide guidance to the agencies of the Federal Government in communications procurement; and be responsible for developing recommendations on national telecommunications policy issues for submission through the President to the Congress or to the FCC.

The Director of OEP should be directly assigned all responsibilities for emergency communications requirements and preparedness. With the spectrum allocation responsibility removed from OEP, the roles of DTM and SAPT would be eliminated. OEP should continue to have an Assistant Director for Telecommunications who would be responsible for specification of emergency capacity requirements, priority override features, and survivability capabilities for Government communications.

A NSSM should be issued as soon as the new Assistant Director for Telecommunications is found for OEP. This study should define appropriate NSC machinery for dealing with telecommunications issues; should determine the advisability of continuing the National Communications System concept, including the Executive Agent and Executive Manager roles; and should provide general guidance to OEP on emergency communications requirements.

Each agency would be responsible for running its own communications system and for the design and procurement thereof, subject to the requirements of the ~~DTM~~. The new FCA should be granted substantial
OEP.

funds to contract for economic and policy analyses and for key basic research related to policy questions. The FCC budget should be expanded significantly for policy analysis capabilities.

This proposal could be implemented immediately by Executive Order. The FCA would immediately incorporate the ITS and NECAC activities, and the spectrum allocation capabilities of the DTM could be shifted without too much delay. Staffing and phasing into active policy analysis and recommendations would be phased over a year or two.

The FCA should ultimately report directly to the Secretary who would become the Administration's leading spokesman for telecommunications matters. The recent Rostow report on telecommunications policy recommended a single spectrum management agency encompassing both governmental and civilian uses. If the President's Council on Executive Organization concurs in that recommendation, the FCA should be prepared to take on the civilian spectrum management functions now performed by the FCC. In the meantime, the FCA should become increasingly vigorous in filing objective analyses on civilian spectrum issues and representing the national interest in such filings with the FCC.

This organizational arrangement would still require White House staff involvement, but not nearly so much as at present. It leaves open, pending the NSSM review, the question of whether the NCS concept should be retained and whether policy responsibility therefor should be placed in OEP, the new FCA, or left to interdepartmental councils.

Attachment:

BOB recommendations concerning Federal communications organization

The Bureau of the Budget report recommended that:

1. The Federal Government should establish a new and strengthened central policy and long-range planning organization for communications in an existing executive branch agency -- either Commerce or Transportation.

2. The NCS staff should undertake implementing studies (a) to transfer the Federal Telecommunications System from the General Services Administration to the Department of Defense for merger with the military administrative communications systems to provide service for all Federal agencies and (b) to appropriately locate and combine the roles and functions of the Executive Agent and the Manager of the NCS within the Office of the Secretary of Defense to provide unified guidance to the NCS from within the Defense Department. An effective mechanism should be provided whereby the member agencies of the NCS can advise and be consulted by the Manager, NCS.

3. The National Communications System staff within the Department of Defense should provide a central source of procurement-related assistance for use by executive agencies.

4. The management of the Government's portion of the frequency spectrum should be a function of the new communications policy organization. If a single manager is provided for the entire spectrum, the total function should be placed in the new organization. The new organization should have a limited in-house research capability to support its frequency spectrum management and general policy development responsibilities.

5. The new communications policy organization should coordinate action on requests to Federal agencies from State and local governments for technical assistance in telecommunication and should provide such assistance to Federal agencies who lack in-house capability.

*Federal Commission on
Organization*

June 30, 1969

To: Peter Flanigan

From: Tom Whitehead

Here are the agency responses to the BOB study. I have not had a chance to read through all of them yet so please return.

Attachments

cc: Mr. Whitehead
Central Files

CTWhitehead:ed

Agency views on Budget Bureau recommendations

The Bureau circulated its study report among those agencies having significant telecommunications responsibilities and requested their views. The following is a summary of the agency responses:

-- The Department of Commerce concurred in the report's major findings and recommendations. The Department specifically supported vesting overall management of the spectrum in one executive agency. Its comment on the report's major organizational recommendation -- "The establishment and location of such an agency in an existing Department will enable meaningful Executive Branch participation in the development of comprehensive national policies."

--- The Department of Defense (including the views of the Executive Agent of the National Communications Systems) agreed with the need for a new and strengthened policy and long range planning organization but believes that it should be constituted as a separate office outside OEP but in the Executive Office of the President. The DOD does not concur in the need for an implementing study to transfer the Federal Telecommunications System from GSA to Defense nor does it favor a combination of the roles and functions of the Executive Agent and Manager, NCS within the Department. Instead, it recommends an exploration in depth of the entire MCS structure and concept.

-- The Federal Communications Commission agrees that the role of the Federal Government in communications can and should be strengthened and made more effective but within the organizational framework presently prevailing. The FCC completely disagrees with the recommendation to establish a single radio spectrum manager in an executive agency in that it would adversely affect the Commission's functions.

-- The General Services Administration agrees with all of the study report recommendations except the one that a strengthened NCS should be located in DOD. GSA states that a merger of the civilian and military administrative networks has "obvious merit" but it should not be organized within Defense.

-- The Department of Justice agrees with the formulation of a new communications policy organization. The Department disagrees with the transfer of the Federal Telecommunications System to Defense and questions the feasibility of assigning responsibility for procurement and procurement-related assistance for agencies without in-house capabilities to Defense.

-- The National Aeronautics and Space Administration -- (views not yet received).

-- The Special Assistant for National Security Affairs agrees in general with the study conclusions but does not believe that "policy guidance with respect to the objectives, requirements and composition of the NCS" should be vested in Commerce or Transportation. Further, he believes a National Security Council study should be initiated to re-examine the objectives and alternative system concepts prior to any reorganization.

-- The Office of Emergency Preparedness (including the views of the Director of Telecommunications Management) points out that the study report does not focus adequately on the emergency preparedness aspects of telecommunications management. General Lincoln proposes that the Office of Telecommunications Management remain under OEP until the emergency preparedness implications of relocation are examined thoroughly.

-- The Office of Science and Technology -- (views not yet received).

-- The Department of State has no objection to the study report's proposals from the standpoint of foreign policy considerations and believes that "advantages would flow from a strengthened central policy formulation and planning organization."

-- The Department of Transportation agrees on the need for coordinated policy direction at departmental level, improved procurement and technical assistance, and the unification of radio frequency spectrum management. The Department differs with the study report in that it believes that the Executive Agent role provided by DOD for the National Communications System should not remain within Defense but should be transferred to the policy organization.

7/9/69

When Tom wants copies
of the Federal
Communications organization
papers to send to someone---

1. DRAFT MEMO 7/9
2. Commerce recommenda-
tion - 7/9 MEMORANDUM
(send only the
attachment --
Recommendation
3. Recommendation *DTM*
(pencil dated 7/10)

CTP

THE WHITE HOUSE

WASHINGTON

July 9, 1969

DRAFT MEMORANDUM

There are a number of important problems with respect to Federal telecommunications policies that suggest reorganization:

1. The communications industry is heavily regulated by the FCC and is heavily affected by the communications activities of Federal agencies. However, neither the FCC nor the executive branch have a significant capability for systematic analysis of telecommunications policies and opportunities, their impact, their effectiveness, or their costs. The "cooperation" between the FCC and various parts of the executive branch appears to consist largely of gentlemen's compromises among competing interests and philosophies. The increasingly rapid rate of technological change and introduction of new services makes policy-by-precedent increasingly less relevant and more restrictive.

2. The so-called National Communications System remains a loose confederation of agency systems. In spite of the highly desirable interconnection capabilities that have been developed over the last few years, there has not been adequate specification of emergency capabilities, hardness, and priority override features necessary to permit informed decisions about the adequacy, performance, and cost of the system. No one seems to know what a "unified" NCS means, would cost, or would accomplish.

3. The extremely rapid rate at which communications are growing in the United States has brought about increasing conflicts over the use of various parts of the frequency spectrum and the beginnings of a spectrum shortage crisis.

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Since World War II, there have been a number of studies of Federal communications organization and a number of reorganizations and shifts of responsibilities within the executive branch. None has

proved particularly satisfactory, and, indeed, there does not seem to be any neat solution to this problem. The lack of a good solution apparently is due to the quasi-independence of the FCC from the executive branch and to the conflicting requirements of Executive Office telecommunications coordination and individual agency mission responsibilities.

The study of the Federal Government communications organization completed in December 1968 by the Bureau of the Budget provides a good statement of the shortcomings of our current organization. The Bureau of the Budget reported a need for:

- (1) a strengthened organization for policy planning, formulation and direction of Federal communications activities.
- (2) a reorganized and strengthened National Communications System (NCS) within the Department of Defense.
- (3) an improved procurement and technical assistance effort in communications on behalf of those Federal agencies which do not now have adequate resources in this field.
- (4) unified frequency spectrum management process.
- (5) a coordinated technical assistance program for State and local governments in this area.

Current organization for communications policymaking:

The Director of Telecommunications Management (DTM) in the Office of Emergency Preparedness is now charged by Executive Order and Presidential memorandum with the responsibility for coordinating telecommunications activities in the executive branch. The DTM also is designated Special Assistant to the President for Telecommunications. However, the history of the organization reveals that attempts by the DTM to exercise leadership in communications policy have been largely ineffectual. This situation results from a number of factors such as organizational location,

inadequate staff, and fragmentation of policy authority among half a dozen agencies with no one having overall responsibility. In view of its claimed responsibilities, the credibility of the DTM is questioned by agencies with operating responsibilities.

There is now no office in the executive branch with the responsibility or the capability to review national telecommunications policies as expressed in legislation and in FCC policies. The antitrust division of Justice has occasionally filed briefs on competitive aspects of decisions before the FCC, but these derive largely from antitrust considerations rather than from familiarity with communications issues. The Council of Economic Advisers has shown almost no capability or interest in telecommunications, and OST is certainly not equipped for addressing the fundamental economic and institutional problems of the industry and its regulation by the FCC. The Administration is therefore largely unable to exert leadership or take initiatives in spite of vulnerability to criticism for FCC policies.

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There are six major functions that are the responsibility of the executive branch in the telecommunications area:

1. Assignment of frequencies for Government communications.
2. Research and development.
3. Analysis of technological and economic alternatives and formulation of recommendations for national policy with respect to telecommunications.
4. Definition and assurance of emergency communications capabilities.
5. Policy planning responsibilities for Government communications activities.
6. Procurement of Government communications services and operation of Government communications facilities.

Agency views:

The Budget Bureau study of Federal communications organization made a number of major recommendations (see attached summary) and was recently distributed to the concerned departments. Agency views on the Budget Bureau recommendations have been received (summary attached). These views share a common theme that (1) stronger coordination from the top is required in establishing Government policy for its own telecommunications requirements and that (2) the Federal Government should take a stronger role in the evolution of national telecommunications to deal with the increasingly rapid rate of technological change and industry growth. There is also agreement that a much stronger analytic capability within the executive branch is needed to achieve these goals.

There is, however, no consensus among the agencies about the extent to which the Bureau's specific organizational suggestions will actually advance the above objectives. The history of this area suggests strongly that it will be unprofitable to seek further agreement among the agencies. There is no solution that will represent a desirable compromise, and no solution appears sufficiently strong on its merits that it looms out as the obvious choice.

Alternatives:

A number of organizational arrangements that have been suggested in the Congress or the press can be rejected immediately as impractical or politically infeasible. These include establishment of a Department of Communications, transfer of all DTM functions to an existing Cabinet department, and significant expansion within the Executive Office of the President by creation of a new Office.

Determination of emergency communications requirements clearly must remain in OEP. Major involvement by the executive branch in nongovernmental communications policy matters before the FCC and the Congress could be centered in one of the Cabinet departments -- probably Commerce.

There appear to be three feasible alternatives:

(1) Maintain essentially the status quo, but clarify and strengthen the conflicting Executive Orders through which the DTM derives his authority. If this is done, the office should be strengthened by expansion of staff resources and by raising the DTM to the rank of deputy within OEP. This alternative would leave the Administration largely incapable of dealing with national communications policy problems.

(2) Alter slightly the status quo by strengthening the DTM as in the first alternative, but including in addition a capability for analysis of non-Government policy issues that would enable the Administration to play an expanded role in that area. This alternative could lead toward considerable pressure for a separate independent office in the Executive Offices in a few years.

(3) Create a new organizational unit in the Department of Commerce that would perform the needed analysis of major national communications issues; take an increasingly active role in advocating policy to the FCC and (through the President) to Congress; and eventually be responsible for unified management of spectrum resources for both Government and non-Government users. This alternative would require shifting of spectrum management responsibilities from the DTM, leaving only emergency communications requirements in OEP.

BOB recommendations concerning Federal communications organization

The Bureau of the Budget report recommended that:

1. The Federal Government should establish a new and strengthened central policy and long-range planning organization for communications in an existing executive branch agency -- either Commerce or Transportation.
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4. The management of the Government's portion of the frequency spectrum should be a function of the new communications policy organization. If a single manager is provided for the entire spectrum, the total function should be placed in the new organization. The new organization should have a limited in-house research capability to support its frequency spectrum management and general policy development responsibilities.
5. The new communications policy organization should coordinate action on requests to Federal agencies from State and local governments for technical assistance in telecommunication and should provide such assistance to Federal agencies who lack in-house capability.

Agency views on Budget Bureau recommendations

The Bureau circulated its study report among those agencies having significant telecommunications responsibilities and requested their views. The following is a summary of the agency responses:

-- The Department of Commerce concurred in the report's major findings and recommendations. The Department specifically supported vesting overall management of the spectrum in one executive agency. Its comment on the report's major organizational recommendation -- "The establishment and location of such an agency in an existing Department will enable meaningful Executive Branch participation in the development of comprehensive national policies."

--- The Department of Defense (including the views of the Executive Agent of the National Communications Systems) agreed with the need for a new and strengthened policy and long range planning organization but believes that it should be constituted as a separate office outside OEP but in the Executive Office of the President. The DOD does not concur in the need for an implementing study to transfer the Federal Telecommunications System from GSA to Defense nor does it favor a combination of the roles and functions of the Executive Agent and Manager, NCS within the Department. Instead, it recommends an exploration in depth of the entire NCS structure and concept.

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Commerce

Recommendation)

THE WHITE HOUSE

WASHINGTON

July 9, 1969

MEMORANDUM

The attached recommendation appears to be the most desirable long-run approach to strengthening the capability of the Federal Government in the area of telecommunications. It is predicated, however, on agreement by the Department of Defense to transfer from the Executive Office of the President to another Cabinet Department of frequency management responsibilities for Government telecommunications. The benefits of having centralized in one agency Government and non-Government spectrum management, Government procurement of administrative communications, and responsibilities for formulating recommended national policies appear to be significant enough to attempt to convince the Secretary of Defense of the appropriateness of the attached recommendations.

Attachment

Recommendation

A Federal Communications Administration should be established in the Department of Commerce. This Administration would be expected to grow into the primary executive branch agency for the analysis and formulation of recommendations for both national communications policy and Federal telecommunications procurement. The functions of the FCA would include:

- economic, technical, and systems analysis of communications policies and opportunities;
- take an increasingly active role in advocating policy to the FCC and through the President to the Congress, to include specific recommendations on spectrum management for non-Government uses.
- management and allocation of Government spectrum use, to include development of improved spectrum management techniques, and eventual responsibility for unified Government and non-Government spectrum management.
- guidance and information to Federal, State, and local Government agencies in communications planning and procurement.
- eventual responsibility for procurement of Federal administrative telecommunications services and/or systems, to exclude national security command and control systems and subject to the emergency preparedness requirements of the OEP.

The FCA would incorporate the current research program of the Institute for Telecommunications Sciences and the frequency management activities of the DTM, including the Interdepartmental Radio Advisory Committee. It would be expected to develop a national electromagnetic compatibility analysis facility and to develop the requisite policy analysis capabilities. Each Federal agency would be responsible for design, procurement, and operation of specialized telecommunications systems unique to agency missions, subject only to general standards of the FCA and the requirements of the OEP.

The Director of OEP should be directly assigned all responsibilities for emergency communications requirements and preparedness. With the spectrum allocation responsibility removed from OEP, the roles of DTM and SAPT would be eliminated. OEP should continue to have an Assistant Director for Telecommunications who would be responsible for specification of emergency capacity requirements, priority override features, and survivability capabilities for Government communications.

A NSSM should be issued as soon as the new Assistant Director for Telecommunications is found for OEP. This study should define appropriate NSC machinery for dealing with national security and emergency telecommunications issues and should provide general guidance to OEP on emergency communications requirements and policies.

Implementation

This recommendation could be implemented within a reasonably short time through the following actions:

A. By Executive Order

- Transfer to Commerce the telecommunications analysis, policy coordination, and spectrum management functions now delegated to the DTM, along with supporting staff and resources.
- Transfer directly to the Director of OEP those responsibilities and functions of the DTM/SAPT relating to preparedness for national emergency telecommunications.
- Strengthen NSC-OEP responsibilities and machinery for national security and emergency telecommunications issues.

B. By Secretarial Order

- Establish a Federal Communications Administration reporting directly to the Secretary of Commerce that would immediately incorporate the Government spectrum management responsibilities and facilities, the appropriate communications-related research activities in ESSA and National Bureau of Standards, the beginnings of a policy analysis and economic research operation, and a group to plan for eventual responsibilities for Federal administrative telecommunications.

C. Subsequent Action

- After sufficient capability in spectrum management has been attained and demonstrated, introduce legislation recommending transfer of non-Government spectrum management to the FCA, leaving specific non-Government frequency assignments and licensing to the FCC.
- At an appropriate time, transfer to FCA by Executive Order of Federal administrative telecommunications systems.

Recommendation

The Office of the Director of Telecommunications Management should be strengthened and expanded to enable the DTM to serve as the focal point for all executive branch telecommunications activities and to be the Administration spokesman on national telecommunications policy issues. The DTM would be expected to be the primary executive branch office for the analysis and formulation of recommendations for both national communications policy and Federal telecommunications procurement. These responsibilities would include:

- economic, technical, and systems analysis of communications policies and opportunities;
- taking an increasingly active role in advocating policy to the FCC and through the President to the Congress, to include specific recommendations on spectrum management for non-Government uses.
- management and allocation of Government spectrum use, to include development of improved spectrum management techniques aimed toward eventual unified Government and non-Government spectrum management.
- guidance and information to Federal, State, and local Government agencies in communications planning and procurement.
- responsibility for policies and standards for procurement of Federal administrative telecommunications services and/or systems.

A Telecommunications Research and Analysis Center would be established in the Department of Commerce, reporting to the Assistant Secretary for Science and Technology. The Center would be responsible for both technical and economic analysis and research, responsive to the needs defined by the DTM. The TRAC would incorporate the current research program of the Institute for Telecommunications Sciences, as well as appropriate elements of other Commerce activities in telecommunications. Its specific functions would include:

- establishment and operation of a national electromagnetic compatibility analysis facility.
- research and analysis of improved spectrum utilization techniques to support the DTM in Government spectrum management and in making recommendations to the FCC on non-Government spectrum management policies.
- research and analysis leading to the development by DTM of improved technical and operating standards.
- continuation of basic telecommunication science research and provision of services to other Government agencies and industry.

The DTM should be raised immediately to executive pay level IV and authorized an expanded staff that would include a limited capability for economic, legal, technical, and systems analysis. He would be expected to contract for significant portions of the research and analysis required to support his responsibilities and also to draw heavily on the Commerce Telecommunications Research and Analysis Center.

A NSSM should be issued as soon as the new DTM is selected. This study should define appropriate NSC machinery for dealing with national security and emergency telecommunications issues and should provide general guidance to the DTM on emergency requirements and policies.

Implementation

This recommendation could be implemented almost immediately through the following actions:

A. By Executive Order

- clarify and bolster DTM authority and eliminate existing patchwork of Presidential memoranda and conflicting Executive Orders. The Office of Telecommunications Management should be

institutionalized as a separate Office within OEP, eliminating the positions of Assistant Director and Special Assistant to the President for Telecommunications. The DTM should be raised to Level IV and should report to the President for all matters except emergency preparedness requirements, for which he would support the Director of OEP.

- similarly clarify authority and responsibility of the Department of Commerce.

B. By Secretarial Order

- establish a Telecommunications Research and Analysis Center under the Assistant Secretary of Commerce for Science and Technology.

C. Subsequent Action

Once sufficient capability in the analysis of national communications policy issues and the associated capability for improved Government and non-Government spectrum management is achieved, Government and non-Government spectrum management responsibilities should be consolidated. This almost certainly will require in a few years establishment of a new agency outside OEP, either in the Executive Office, in a Cabinet Department, or as an independent agency.

- at an appropriate time, introduce legislation to establish a new agency and transfer non-Government spectrum management from the FCC to the new agency; emergency preparedness functions would remain in OEP.
- at an appropriate later time, transfer to the new agency by Executive Order responsibility for procurement of Federal administrative telecommunications services and/or systems.

7/10/69

Recommendation

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- economic, technical, and systems analysis of communications policies and opportunities;
- taking an increasingly active role in advocating policy to the FCC and through the President to the Congress, to include specific recommendations on spectrum management for non-Government uses.
- management and allocation of Government spectrum use, to include development of improved spectrum management techniques, and eventual responsibility for unified Government and non-Government spectrum management.
- guidance and information to Federal, State, and local Government agencies in communications planning and procurement.
- responsibility for policies and standards for procurement of Federal administrative telecommunications services and/or systems.

A Telecommunications Research and Analysis Center would be established in the Department of Commerce, reporting to the Assistant Secretary for Science and Technology. The Center would be responsible for both technical and economic analysis and research, responsive to the needs defined by the DTM. The TRAC would incorporate the current research program of the Institute for Telecommunications Sciences, as well as appropriate elements of other Commerce activities in telecommunications. Its specific functions would include:

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A NSSM should be issued as soon as the new DTM is selected. This study should define appropriate NSC machinery for dealing with national security and emergency telecommunications issues and should provide general guidance to the DTM on emergency requirements and policies.

Implementation

This recommendation could be implemented almost immediately through the following actions:

A. By Executive Order

- clarify and bolster DTM authority and eliminate existing patchwork of Presidential memoranda and conflicting Executive Orders.

- similarly clarify authority and responsibility of the Department of Commerce.

B. By Secretarial Order

- establish a Telecommunications Research and Analysis Center under the Assistant Secretary of Commerce for Science and Technology.

C. Subsequent Action

Once sufficient capability in the analysis of national communications policy issues and the associated capability for improved Government and non-Government spectrum management is achieved, Government and non-Government spectrum management responsibilities should be consolidated. This almost certainly will require establishment of a new agency outside OEP, either in the Executive Office or in a Cabinet Department.

- at an appropriate time, introduce legislation to establish an independent office in the Executive Office or in the Commerce Department and transfer non-Government spectrum management from the FCC to the new agency; emergency preparedness functions would remain in OEP.
- at an appropriate later time, transfer to the new agency by Executive Order responsibility for procurement of Federal administrative telecommunications services and/or systems.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

July 31, 1969

MEMORANDUM FOR MR. CLAY T. WHITEHEAD

SUBJECT: Draft Memorandum to the President, July ____, 1969

The Telecommunications Management arrangement embodied in your draft memorandum, July ____, 1969 is sound and practicable of achievement. It should provide for a significant improvement in management within the Executive Branch and nationally without appreciable risk of Congressional opposition. This arrangement is the best advanced thus far from any source.

I have the following suggestions in the interest of accuracy and clarity:

Draft Memorandum

1. Page 2, last full para - cite GAO recommendation, "In making the realignment, consideration should be given to: -- removing the Office of the Director of Telecommunications Management (DTM) as a component part of the Office of Emergency Preparedness (OEP) and reconstituting this office as the new organization or entity, and" and, "On balance, we favor continuation of the function in the Executive Office of the President to provide the stature to enable the necessary central authority to deal effectively with the departments concerned. Also, we believe that an office working as a close adjunct to the White House could be of vital importance in times of national emergency." This reference will provide a basis for your recommendation.
2. Page 2, last incomplete paragraph headed "Current organization for communications policymaking:" - change to read:

"The Director of Telecommunications Management (DTM), a position held by one of the Assistant Directors of the Office of Emergency Preparedness, is now charged by executive orders and Presidential memorandum to act for the President or under his authority and control in the discharge of his telecommunication responsibilities under the Communications Act of 1934 and the Communications Satellite Act and, in a war emergency, certain of his wartime powers over national telecommunications; and with responsibility

for policy direction of the development and operation of the National Communications System (NCS). In this capacity, the DTM serves as a Special Assistant to the President for Telecommunications.

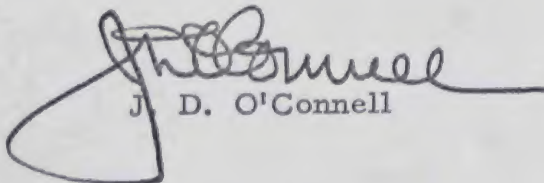
"The history of the DTM organization reveals that efforts to establish policy and effective electromagnetic spectrum management have been outstandingly successful. However, similar efforts with respect to highly controversial issues such as merger of U.S. international carriers and the U.S. position on communication satellites, have not been successful. This situation results from a number of factors such as organizational location, insufficient staff and other resources, and fragmentation of policy authority among half a dozen agencies with no one having over-all responsibility. Regardless of the assigned responsibilities, the credibility of the DTM is questioned on the larger issues by agencies with operating responsibilities."

3. Page 4, last para "Alternatives" -- strike the period and add, "with the essential research and engineering support." Otherwise the statement and recommended arrangement appear to be contradictory.

Recommendation

4. Page 1 - The responsibilities listed are not sufficiently inclusive. Inasmuch as considerable thought will have to be given to prepare a proper statement of functions and to remove conflicts and duplications from other authorities, I suggest that there be included a statement that delineation of responsibilities will be developed further during the preparation of the implementing document(s).
5. Page 1, last para, line 1 - delete "and Analysis" and line 5, change "TRAC" to "TRC" and wherever appearing and line 7, strike "s" from "Telecommunications".
6. Page 2, first function - delete since OEP/DTM have developed a National Electromagnetic Compatibility Analysis Facility (NECAF) concept which is more responsive to the need, more feasible of attainment in a timely manner and more economical of manpower and dollars than inclusion within a TRC.

7. Page 2, after TRC functions add, "TRC, in discharging the two functions, would comply with policies, requirements and priorities set by the DTM. Otherwise there is a danger that TRC will engage in "ivory tower" pure research and not be responsive to current pressing needs.
8. Page 2, 2d full para, line 2 -- change "study" to "NSSM".
9. Page 2, Implementation A - Can this be done by executive order or is a Reorganization Plan required?
10. Page 2, Implementation A, line 3 - add ", OEP," after "Assistant Director.
11. Page 3, "C. Subsequent Action" - Suggest that this be omitted from the implementing action and treated inhouse. It is premature to announce now and tie the President's hands.
In any case, in line 6, change "consolidated" to "considered."


J. D. O'Connell



DEPARTMENT OF STATE

Washington, D.C. 20520

November 14, 1969

*Reorganizing
Organizer*

Dear Tom,

On a first reading of your memorandum on reorganization, I have only one reaction: "Congratulations"!

The paper is cogent and well written -- and it comes out exactly where it ought to, in my view.

Would the Director, OTP, report directly to the President, or indirectly through a Counsellor to the President or an Assistant to the President?

Best of luck with the implementation.

Yours,

Abbott Washburn
Abbott Washburn

P.S. WWS took his copy to Pennsylvania, and will react to you next week.

Dr. Clay T. Whitehead
Executive Office Building
of the White House
Washington, D. C.

*Deland
Comm
L*

January 19, 1970

MEMORANDUM FOR KEN COLE

In talking to the Budget Bureau today about telecommunications reorganization, they pointed out that, before proceeding much further, they would need guidance from the White House regarding the schedule for the various reorganization plans and messages to be sent to the Congress. They also indicated some uncertainty about who in the White House properly should be involved in determining the schedule. I call this to your attention since there is apparently a real uncertainty there that should be resolved.

At the same time, I would like to put in a plea for scheduling the telecommunications reorganization as soon as possible. Not only do we already have Presidential approval and a draft reorganization plan and accompanying executive order, but we have created something of a policy vacuum in the telecommunications area pending the creation and filling of the Office of Director of Telecommunications Policy.

Clay T. Whitehead
Staff Assistant

Mr. Flanigan
cc: Mr. Kriegsman
Mr. Whitehead ✓
Central Files

CTWhitehead:ed

*Hand
Copy*

February 6, 1970

MEMORANDUM FOR BILL TIMMONS

Attached is a copy of a memorandum from the Budget Bureau reporting on some of our activities with respect to telecommunications organization. Note especially the paragraph I have marked.

It would be most unfortunate if the occasion of our telecommunications reorganization were used to raise questions in other telecommunications areas. The FCC is now considering our recommendation on domestic satellite policy, and Congressional hearings would almost certainly intimidate the Commission. Also, we will be entering into a major conference to discuss permanent arrangements for the INTELSAT Consortium, a conference of 70 nations with many sensitive issues. It would be most unfortunate and damaging to these negotiations if the question of COMSAT were raised, which it almost certainly would be in any broader discussion on communications at this time.

I would appreciate it if you could indicate to Roback and probably Congressman Springer and perhaps Chairman Staggers that this would be undesirable at this time.

Besides the problem with the FCC and with the international negotiations, there is really no one outside the White House staff who is particularly suited to presenting the Administration's viewpoint in these matters.

Clay T. Whitehead
Staff Assistant

Attachment

cc: Mr. Flanigan
Mr. Whitehead
Mr. Kriegsman
Central Files
CTWhitehead:jm

Type

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

FEB 5 1970

MEMORANDUM TO MR. WHITEHEAD

Subject: Telecommunications organization

As I indicated in our telephone conversation, I briefed the staffs of Senate and House Government Operations Committees (representing both the majority and minority) on the proposed telecommunications reorganization plan. In general, the reception was friendly and no outright opposition to the proposal was expressed. However, there was an indication of a need to justify the new Office of Telecommunications Policy in specific and concrete terms.

On the House side, Herb Roback indicated that it might be desirable to exclude from the plan the transfer to the new OTP of GSA telecommunications procurement policy functions. Apparently, Holifield and Brooks would be disturbed by such an effort to diminish GSA's program. We are working on the deletion of this provision. (Jack Brooks' man later confirmed his concern in this area.)

Perhaps more important, Roback indicated that he hoped the hearings on the plan could be opened up to include a discussion of major telecommunications problems. He cited domestic satellites and the operation of the NCS as examples. This could obviously carry the hearings into very sensitive and difficult areas, and could require the production of a wholly different set of witnesses than might be involved in support of the plan.

Except for the concerns of Holifield and Brooks, the staffs did not identify any members with interest.

Howard Schnoor
Howard Schnoor
Director, Government
Organization Staff

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

February 26, 1970

Federal
Comm *FTT*
Org *TW*

FOR: BILL TIMMONS &
STAFF

FROM: BILL CASSELMAN *BC*

Sol Mosher reports that the House Government Operations Committee (Blatnik subcommittee) has scheduled hearings on the Telecommunications Office Reorganization Plan #1 for March 9 and 10.

The lead-off witness on the 9th will be Congressman Gallagher, who has filed a disapproval resolution expressing reservations concerning possible invasions of privacy as a result of the pending reorganization and also has requested equal treatment for the Legislative branch with respect to the use of FTS lines.

The other witnesses scheduled for the 9th are the BOB and Commerce. Assistant Secretary Tribus will testify for Commerce.

cc: Peter Flanigan ✓
Clay Whitehead

THE WHITE HOUSE

WASHINGTON

March 10, 1970

*Ad Com
Presy.*

Dear Mr. Holifield:

I understand that at a hearing, which you chaired, of the Subcommittee on Executive and Legislative Reorganization of the House Committee on Government Operations on March 9, 1970, concerning Reorganization Plan No. 1, questions arose about White House relationships with the Federal Communications Commission. Specifically, questions were raised about an article appearing in Broadcasting Magazine which attributed to me the view that "the White House has no qualms about seeking to influence the Commission or other so-called independent agencies." I would like to clarify both the record and our position in this matter.

First, I have made no statements to the press from which they could properly conclude that the White House intended any undesirable or improper influence on the FCC; that is not my view, and it is not the view of this Administration. Indeed, there have been strict instructions to the entire White House staff not to attempt to influence independent regulatory commissions in their quasi-judicial functions, or even give the appearance of attempting to do so; I attach a memorandum circulated to the staff in that regard.

Second, it is appropriate to draw a distinction between general policy issues which may be before regulatory commissions and particular cases in which those commissions are exercising their quasi-judicial responsibilities. In the latter category, any attempt to influence a commission would obviously be improper for the White House or any executive branch agency. In the former category, however, the President has both statutory and general leadership responsibilities which, from time to time, make necessary or desirable an expression of the Administration viewpoint to the regulatory commissions. Previous administrations, as well as this one, have done so in fulfilling those responsibilities.

It is our conviction that such open expressions of viewpoint are not "influence" in the negative connotation sometimes used, but rather a proper part of general policy-making dialogue among the FCC, the Congress, and the executive branch.

Finally, I would underscore the testimony of Administration witnesses before the Committee on March 9 which made clear this Administration's policy that the independence and authority of the Federal Communications Commission is in no way to be impaired by the Reorganization Plan No. 1 now before the Committee. No powers of the FCC are affected, and the authority of the Congress remains unchanged. It is, in fact, the Administration's hope that the new Office of Telecommunications Policy will enable the executive branch to act as a more responsible and responsive partner to the Congress and the FCC in the telecommunications policy area.

Sincerely,

Clay T. Whitehead
Special Assistant
to the President

Attachment

Honorable Chet Hollifield
Committee on
Government Operations
House of Representatives
Washington, D. C.

cc: Mr. Flanigan
Mr. Whitehead
Central Files
Dean Burch
CTWhitehead:ed

THE WHITE HOUSE

WASHINGTON

May 21, 1969

MEMORANDUM FOR THE WHITE HOUSE STAFF

Subject: Contacts between the White House and
the Independent Regulatory Agencies

The independent regulatory agencies include:

- Civil Aeronautics Board
- Federal Communications Commission
- Federal Maritime Commission
- Federal Power Commission
- Federal Trade Commission
- Interstate Commerce Commission
- Securities and Exchange Commission

This memorandum discusses some important points you should bear in mind with regard to these agencies.

Contacts between the White House and the regulatory agencies are very sensitive on two grounds: (1) The Congress has a special relationship with these agencies, viewing them in part as instruments of the Congress in its constitutional power to regulate interstate and foreign commerce; (2) the Commissioners of these agencies have quasi-judicial responsibilities for individual cases coming before their agencies on rates, license renewals, route awards, and so forth. Obviously, any executive interference in this quasi-judicial function would be highly improper.

In spite of these sensitivities, matters often arise which do require official or informal contacts with the Commissioners or the staffs of these agencies. The following guidelines are provided for any exposure you may have to these agencies or problems pending before them. They also apply in those cases where other agencies of the executive branch act in a regulatory or quasi-judicial role.

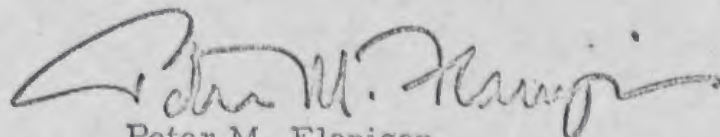
1. Any expression of interest or any attempt to influence the outcome of any case pending is illegal. These cases are typically extremely complicated, and it is very dangerous to make judgments on the basis of limited information as to how the White House should like to see any case resolved. You should in no way express interest to these agencies in the outcome of pending cases and in no way attempt to influence the Commissioners or hearing examiners in their decisions on any case pending before their agencies.

2. It is important to remember that the cases that come before these agencies are often extremely important to the parties concerned and involve large amounts of money. They are, therefore, very closely watched for any evidence of improper procedure or influence. It is important to avoid even the mere appearance of interest or influence.

3. You may, of course, listen to comments and views on such cases when they are volunteered to you. However, such visits or the submission of written briefs should not be encouraged -- better still, they should be sidestepped and avoided wherever possible.

4. Inquiries about the status of cases pending before these agencies should not be made. Instead, the inquirer should be advised to contact the agency directly.

5. The policies and findings of these agencies often interact heavily with the policies of the executive branch of Government. Transportation policy, for instance, is affected heavily by the policies of the ICC and the CAB. There is, therefore, occasion for White House staff contact with these agencies. However, for the reasons cited above, you should keep my office informed of any contact you may have with these agencies. Please call Dan Hofgren or Tom Whitehead in advance to assure appropriateness of such contacts.



Peter M. Flanigan
Assistant to the President

OTP

Statement of Dean Burch, Chairman,
Federal Communications Commission,
before the
Executive and Legislative Reorganization Subcommittee
of the
Committee on Government Operations
of the
House of Representatives

March 10, 1970

The Commission appreciates this opportunity to comment on the President's Reorganization Plan No. 1 of 1970. The plan proposes to establish a new Office of Telecommunications Policy in the Executive Office of the President and to abolish the office held by the Director of Telecommunications Management (DTM) in the Office of Emergency Preparedness. The Reorganization Plan would transfer to the Director of the new Office the functions conferred on the President by the provisions of section 305(a) of the Communications Act of 1934, namely, the assignment of frequencies to radio stations belonging to the Federal government. In his letter of transmittal, the President stated also that as soon as the plan takes effect, he will delegate to the new Office essentially those functions now assigned to the DTM.

The new Office of Telecommunications Policy is intended to serve three essential roles: It would

- (1) serve, as the President's principal adviser on Telecommunications Policy, helping to formulate government policies on a wide range of domestic and international telecommunications issues;
- (2) help formulate policies and coordinate operations for the Federal government's own vast communications systems; and
- (3) enable the executive branch to speak with a clearer voice and to act as a more effective partner in discussions of communications policy with both the Congress and the Federal Communications Commission.

The President, in his letter transmitting the Reorganization Plan to the Congress, specifically explained that "This action would take away none of the prerogatives or functions assigned to the Federal Communications Commission by the Congress."

The Commission supports the Reorganization Plan. We have consistently favored a strong, centralized entity to deal with telecommunications issues within the Executive. Thus, we

believe that there should be a continuing close scrutiny as to the government's use of spectrum, so as to insure optimum utilization of this precious resource in the national interest.

In that connection, we welcome the President's statement:

" The new Office and the Federal Communications Commission would cooperate in achieving certain reforms in telecommunications policy, especially in their procedures for allocating portions of the radio spectrum for government and civilian use. Our current procedures must be more flexible if they are to deal adequately with problems such as the worsening spectrum shortage."

Finally, we believe that it will be helpful to receive the views of the Executive on significant matters of communications policy. We have found in the past that the submission of such views assists the Commission in rendering an informed decision.

To be able to participate effectively in the discussions of communications policy, the new Office will need adequate staffing and resources. Because of the contributions it makes in the areas noted by the President, the new Office should, of course, be given such staffing and resources. While we may be belaboring the obvious, the resources given the new Office, particularly to discharge function 3, above, should not be at

the expense of those allocated the Commission, which after all has the ultimate responsibility of evaluating the material coming before it from all sources and reaching a decision best serving the public interest on these important telecommunications matters.

This concludes my statement.

#

Feb 27 1970
Reorg

February 27, 1970

To: Mr. William E. Timmons

From: Tom Whitehead

Subject: Telecommunications reorganization plan

Dwight Ink and other Budget Bureau staff have been up on the Hill discussing Reorganization Plan No. 1 of 1970, establishing the new Office of Telecommunications Policy, which is now before the Government Operations Committees. They advise me that on two occasions, Herb Roback -- Holifield's staff chief on the House Committee's military operations subcommittee -- has indicated a desire to open up the hearings on the plan to include a general review of telecommunications problems. Roback cited domestic satellites and the operation of the National Communications Systems as examples of areas he wants to explore.

The potential for Roback getting his way is good since Holifield is also an active and powerful member of the House Committee's reorganization subcommittee which has the plan before it. A resolution disapproving the plan has been introduced by Mr. Gallagher, and hearings are scheduled on March 9 and 10.

If the hearings are opened up to cover the general area of telecommunications policy, they could get into very sensitive and difficult areas. Possibly, a wholly new set of witnesses might have to be produced. I believe we should avoid that situation.

Roback has indicated to the BOB people he would like to meet informally with me, even though he knows I could not testify publicly. I am willing to see Roback informally to discuss the policy issues if that will head off an expansion of the hearings or otherwise help us. If you concur, I believe it would be well if your office made the contact with Roback and offered such a meeting.

cc: Mr. Whitehead
Central Files

FEDERAL TELECOMMUNICATION ACTIVITIES AND
NATIONAL COMMUNICATION POLICY DEVELOPMENT

There are a number of important issues with respect to national communication policies and Federal telecommunication activities which suggest the need for new approaches and new capabilities within the Executive Branch:

(1) The communications industry is heavily regulated by the FCC and is affected by the communication needs, activities, and expenditures of Federal agencies. However, neither the FCC nor the Executive Branch has a significant capability for systematic analysis of communication opportunities and developments, nor of the impact, effectiveness, and cost of existing or proposed communication policies. The FCC, exhibiting the usual preoccupation of regulator with the regulatee, devotes most of its attention to the rates and structure of the broadcast and common-carrier industries. Federal agencies, each lacking any broad authority for overall policy formulation, concentrate their efforts narrowly on their own mission-related communication services. Coordination between the FCC and the Executive Branch is largely a matter of gentlemen's compromises between Federal operating requirements and FCC concern for broadcast and common carrier interests. Such guidelines as emerge from this mix of interests are a patchwork of non-complementary, often conflicting and overlapping policies which, public-interest claims notwithstanding, show little concern for the general private user of communication services.

(2) Many communication systems are dependent in whole or in part on use of the radio spectrum resource. Permission to use this resource must be obtained on an individual, case-by-case basis from the FCC (for non-government users) or the DTM (for government users). Such rights of use as are granted are temporary in nature, and are subject to various technical and operating conditions imposed by the FCC. The allocation of these rights among categories of use, as well as the assignment of rights to individual users, is conducted without benefit of any effective measure of the social or economic value of the right in alternative uses. Allocation between government and non-government uses is equally arbitrary, resulting from one-shot agreements on a nation-wide split between the FCC and DTM. The net effect of these resource management techniques is to preclude some beneficial radio communication services and to make others less reliable and/or more expensive, in the presence of substantial unused spectrum resources.

(3) The Federal government currently spends heavily on both general and specialized telecommunications research and development, through NASA, DOD, DOT, and DOC in particular. Very little of the general R&D activity

is either oriented to or relevant to major current telecommunication issues requiring analytic support; nor is there any effective Federal program to apply the knowledge derived from specialized military and space telecommunications R&D to current issues or national communications development. While greater

overall support for telecommunications R&D may eventually be desirable, the first step should be to orient existing R&D programs to existing policy and operational requirements.

(4) The so-called National Communication System, envisioned as an integrated network serving all agencies and Departments effectively and efficiently, remains a loose confederation of independent agency systems. In spite of interconnection capabilities which have been developed, there has not been adequate specification of emergency capabilities, hardness, and priority override features necessary to permit informed decisions about the adequacy, performance, and cost of the system. No one seems to know what a "unified" NCS means, would cost, or would accomplish.

(5) These general deficiencies are a major contributor to a large and growing list of confrontations between various segments of the communication industry and between the industry and its present or prospective users:

(a) Between AT&T, Comsat, TV broadcast networks, public interest groups, and radio/electronics manufacturers over the implementation and use of domestic communication satellites;

(b) Between the TV broadcast industry and CATV interests over the relative role of over-the-air ~~and~~ cable TV distribution systems;

(c) Between land mobile radio users and TV broadcast interests over spectrum resource allocations and assignments;

(d) Between various user associations and the FCC over basic spectrum allocation/assignment policies (e.g. preparatory work for international conferences to allocate spectrum resources);

(e) Between the computer and communication industries over interconnection policies and combined computer/communication utilities;

(f) Between prospective independent suppliers of private line telephone and data services and established common carriers over interconnection policies, fair competition, etc.

Federal organization weaknesses:

Since World War II, there have been a number of studies of Federal communications organization and a number of reorganizations and shifts of responsibilities within the executive branch. None has proved particularly satisfactory, and, indeed, the problem does not seem amenable to simple solutions. The lack of a simple solution is due to the quasi-independence of the FCC from the executive branch and to the conflicting requirements of Executive Office telecommunications coordination and individual agency mission responsibilities.

The study of the Federal Government communications organization completed in December 1968 by the Bureau of the Budget provides a good statement of the shortcomings of our current organization.

The Bureau of the Budget reported a need for:

- (1) a strengthened organization for policy planning, formulation and direction of Federal communications activities.
- (2) a reorganized and strengthened National Communications System (NCS) within the Department of Defense.
- (3) an improved procurement and technical assistance effort in communications on behalf of those Federal agencies which do not now have adequate resources in this field.

- (4) unified frequency spectrum management process.
- (5) a coordinated technical assistance program for State and local governments in this area.

Current organization for communications policymaking:

The Director of Telecommunications Management (DTM) in the Office of Emergency Preparedness is now charged by Executive Order and Presidential memorandum with some responsibility for coordinating telecommunications activities in the executive branch. The DTM also is designated Special Assistant to the President for Telecommunications. However, the history of the organization reveals that attempts by the DTM to exercise leadership in communications policy have been largely ineffectual. This situation results from a number of factors such as organizational location, inadequate staff, and fragmentation of policy authority among half a dozen agencies with no one having overall responsibility. Despite its claimed responsibilities, the credibility of the DTM is questioned by agencies with major operating responsibilities.

There is now no office in the executive branch with the responsibility or the capability to review national telecommunications policies as expressed in legislation and in FCC policies. The antitrust division of Justice has occasionally filed briefs on competitive aspects of decisions before the FCC, but these derive largely from antitrust considerations rather than from familiarity with communications issues. The Council of Economic Advisers has shown almost no capability or interest in telecommunications, and OST is certainly not equipped for addressing the fundamental economic and institutional problems of the industry and its regulation by the FCC. The

Administration is therefore largely unable to exert leadership or take initiatives in spite of vulnerability to criticism for FCC policies.

Executive branch responsibilities:

The Executive branch has the following major responsibilities in the telecommunications area:

1. Assignment of frequencies for Government communications.
2. Research and development.
3. Analysis of technological and economic alternatives and formulation of recommendations for national policy with respect to telecommunications.
4. Definition and assurance of emergency communications capabilities.
5. Policy planning responsibilities for Government communications activities.
6. Procurement of Government communications services and operation of Government communications facilities.
7. Technical and economic assistance to State and local governments for telecommunications facilities and services to support various public goals (public safety; health, education, and welfare; natural and man-made disaster warning; etc.)

Agency views:

The Budget Bureau study of Federal communications organization made a number of major recommendations (see attached summary) and was recently distributed to the concerned departments. Agency views on the Budget Bureau recommendations have been received (summary attached). These views share a common theme that (1) stronger coordination from the top is required in establishing Government policy for its own telecommunications requirements; and that (2) the Federal Government should take a stronger role in the evolution of national telecommunications to deal with the increasingly rapid rate of technological change and industry growth; ~~and~~ ⁽³⁾ ~~There is also agreement that~~ a much stronger analytic capability within the executive branch is needed to achieve these goals.

There is, however, no consensus among the agencies about the extent to which the Bureau's specific organizational suggestions will actually advance the above objectives. The history of this area suggests strongly that it will be unprofitable to seek further agreement among the agencies. There is no solution that will represent a desirable compromise, and no solution appears sufficiently strong on its merits that it looms out as the obvious choice.

Action Required:

It is clear from the deficiencies noted and the consensus on required Executive Branch capabilities and coordination that some positive steps should be taken. Whatever their organizational implications, these steps should:

- (1) Focus responsibility for communications policy development and coordination for the Executive Branch in a single agency

reporting directly to the President or to a Cabinet Officer.

- (2) Provide ~~this~~ this agency a strong analytic capability to evaluate telecommunication opportunities, systems, and policies as to technical feasibility and socio-economic impact.
- (3) Establish ⁱⁿ this agency ~~with~~ a spectrum management authority with immediate responsibility for ensuring efficient allocation and use of the radio spectrum resource by all Federal agencies, and for advocacy before the FCC of efficient usage and management techniques. The Interdepartment Radio Advisory committee, which handles specific frequency assignments to individual Federal users/agencies and adjudicates inter-agency differences, could either be incorporated under this authority or operated separately without significant impact on the overall structure. As a long term objective, this authority would be expected to develop plans leading to a consolidation of both FCC and Federal spectrum management functions under a single Executive Branch agency, except for licensing, assignment and adjudication functions.
- (4) Provide an effective two-way coupling mechanism -- perhaps through budgetary and program review -- between this policy and analysis capability and both general and specialized Federal R&D programs in the telecommunications.
- (5) Finally, drawing on the analytic capability described in (2), develop a program of technical and/or economic assistance to

Federal and State agencies in evaluating their communication needs and opportunities, alternative systems for meeting these, and procurement and operating policies for these systems and services.

Organizational Alternatives

Some progress toward the above ends could be made without any organizational changes, simply by clarification of existing Executive and Departmental Orders, agency missions, and reporting/coordinating arrangements. However, full realization of Executive Branch potential in this area requires some consolidation to eliminate the major gaps which now exist between policy-making, analytic capabilities, operational responsibilities, and research and development. A number of organizational arrangements suggested in the Congress or the press can be rejected immediately as impractical, premature, or politically infeasible. These include establishment of a Department of Communications, transfer of all telecommunication functions to an existing Cabinet department, and significant expansion within the Executive Office of the President by creation of a new Office.

Determination of emergency communications requirements clearly must remain in OEP. Major involvement by the executive branch in non-governmental communications policy matters before the FCC and the Congress could be centered in one of the Cabinet departments -- probably Commerce.

There appear to be three feasible alternatives:

- (1) Maintain essentially the status quo, but clarify and strengthen the conflicting Executive Orders through which the DTM derives his

authority, as well as the role and mission of Commerce, NASA, and other Executive Branch agencies. If this is done, the DTM should be strengthened by expansion of staff resources and by raising the DTM to the rank of deputy within OEP.

(2) Alter slightly the status quo by strengthening the DTM as in the first alternative, but providing the DTM a capability for analysis of non-Government policy issues that would enable the Administration to play an expanded role in that area.

(3) Create a new organizational unit in an existing Department (e.g. Commerce) that would perform the needed analysis of major national communications issues; take an increasingly active role in advocating policy to the FCC and (through the President) to Congress; and eventually be responsible for unified management of spectrum resources for both Government and non-Government users. This alternative would require shifting of policy formulation and spectrum management responsibilities from the DTM, leaving only emergency communications requirements -- and possibly IRAC and its spectrum assignment functions -- in OEP.

Recommendations

It is clear that consolidation of various communication functions and responsibilities will be required within the near future if the Executive Branch is to effectively discharge its duties in this field. However, it is not clear that any of the proposals put forth to date would in fact achieve this desired result. Present deficiencies in this area are

less the result of inadequate or mislocated responsibility, than of the need for new planning and analysis capabilities and new fundamental approaches to the issues.

It is thus less of a problem in organizational structure and location than one in individual and organizational philosophies. With the right leadership and approach, existing organizations working in harmony could go far toward resolving many of the immediate issues; with inadequate leadership or a narrowly focused approach, a consolidation of functions and responsibilities could easily be worse than the existing fragmentation. And because communications is such a complex and sophisticated mix of social, economic, technological, and political imponderables, the possibility of a ~~too~~^{too}-narrow approach (e.g. an engineering approach, or an economic approach, etc.) is very great. Few individuals or organizations possess both the breadth and depth to work effectively in such an area, yet it is these ~~whose~~^{whose} efforts must be mustered and coordinated.

Because of these considerations, it is recommended that Federal communications reorganization be carried out in three major phases, over a period of 1-3 years but beginning almost immediately. In the initial phase, carefully selected individuals having both the depth of understanding of the communications field and the broad perspective and capabilities outlined above would be recruited to fill key positions in existing organizations (e.g. DTM, DOC, FCC, NCS). These individuals would be expected to work ^{together} closely during the interim period,

largely on an ad hoc basis, in addressing current issues of major interest and in developing longer-range ~~work~~ ^{and plans.} programs. This period would also serve to collect the various skills and capabilities which will be needed, without wholesale transfers and/or recruitment programs or a significant increase in the total level of effort; it would be largely a matter of diverting selected personnel from less-productive to more productive tasks.

In phase two, probably within 12-18 months, those individuals and groups who have proven effective in the initial phase -- plus other potential elements identified during this phase -- would be combined in a single Federal Communications Administration (described more fully below) reporting either directly to the President (e.g. as NASA now does) or to one of the ~~Cabinet~~ Departments (probably Commerce). In a third phase, based on studies and recommendations growing out of phase two) appropriate functions of the FCC (e.g. spectrum management, technical standards, etc.) would be transferred to the FCA through either Executive reorganization plan or legislation.

Details of these three phases are outlined in the following sections:

A. Phase One (Immediate)

(1) Select a Director of Telecommunications Management possessing a broad and open perspective of national communication

policies and issues, yet highly familiar with existing capabilities and deficiencies of the OTM, Commerce, NCS, and FCC.

(2) Task the Department of Commerce to provide the basic analytic capability to support the DTM, through creation of a small Communications Engineering and Analysis Group (CEAG) reporting directly to the Assistant Secretary for Science and Technology. Tasking and funding of this group would be established by mutual agreement of the DTM and the AS/ST.

(3) Establish a series of Task Groups dealing with specific major telecommunication issues (e.g. Domestic Satellite Policy, CATV, Land Mobile/TV Spectrum Use, Common Carrier Policies, National Communication System, Alaskan Communications, Telecommunication Opportunities, etc.). These Task Groups would be supported through the CEAG, staffed with a mix of the most qualified personnel from various Departments and agencies, and under the broad continuing guidance of the DTM and AS/ST. The objective of each task group would be to develop policy/operational recommendations and supporting analysis on the relevant topic, for presentation by the DTM and AS/St to the President, FCC, or Congress as appropriate.

B. Phase Two (within 12-24 months)

A Federal Communication Administration should be established, either as an independent agency such as NASA or in the Department of Commerce. This administration would be expected to grow into the

13a

the primary Executive Branch agency for national communication policy planning, management of the radio spectrum resource, and coordination/assistance in Federal/State communication systems development and

operation. Specific functions of the FCA would include:

- economic, technical, and systems analyses of national communication needs, opportunities, and policies;
- presentation of coordinated Executive Branch views to the FCC on both general and specific public policy issues, to include specific recommendations on non-Government management and use of the radio spectrum resource;
- provide recommendations on major communication policy issues, including legislative proposals, through the President to the Congress, and serve as principal point of contact between the Executive Branch and the Congress in the communications field;
- allocate and manage government use of the radio spectrum resource, to include development of improved spectrum management and usage techniques;
- provide guidance, information, and coordination to Federal, State and local government agencies in communication system planning and procurement;
- develop a capability for design, procurement and management of Federal administrative communication and information systems (to exclude national security command and control systems), leading ultimately to management responsibility for an integrated Federal Administrative Communication System.

- conduct and/or coordinate Federal research programs of a general nature in the communication/information systems field, and maintain continuing liaison with other Federal R&D programs in this field, including operation of a national information center on communication developments.
- develop and operate on Electrospace Engineering Facility (EEF) or National Electromagnetic Compatibility Analysis Facility (NECAF) capable of evaluating the compatibility of both existing and proposed electronic systems and devices within the overall electromagnetic environment.

The FCA would incorporate the existing telecommunication research programs ^{of} ~~to~~ the Commerce Department, and the frequency management and Federal policy-making activities of the DTM (including the Inter-department Radio Advisory Committee). IRAC would become an advisory body to the FCA (as it now serves the DTM) retaining its present membership and organization. The FCA would be expected to develop the NECAF to serve both the IRAC and the FCC in their spectrum assignment roles. It would also be expected to develop a comprehensive social/economic/engineering systems analysis arm to support the policy planning, spectrum management, and coordination/advisory functions described and to provide guidance and coherence to the general R&D activities.

Each Federal agency would retain responsibility for design, procurement, and operation of specialized communication systems/services unique to agency missions, subject only to appropriate spectrum utilization

standards and system compatibility standards set by the FCA and emergency preparedness requirements set by the OEP.

The Director of OEP should be directly assigned all responsibilities for emergency communications requirements and preparedness. With responsibility over government spectrum management removed from OEP, the roles of DTM and SAPT would be eliminated. OEP should continue to have an Assistant Director of Telecommunications who would be responsible for specification of emergency communication requirements, priority override features, and survivability capabilities for government telecommunications.

A NSSM should be issued as soon as the new Assistant Director is found for OEP. This directive should define appropriate NCS machinery for dealing with national security and emergency telecommunications issues and should provide general guidance to OEP on emergency communications requirements and policies.

Alternative Approaches

Implementation of the above recommendation is conditioned on acceptance by the Department of Defense of the transfer of IRAC from adviser to the DTM to adviser to the FCA. If DOD is unwilling to accept this change, it will be necessary to adopt a suitable alternative. The simplest modification, which would still permit consolidation of most national policy planning, systems analysis, R&D, spectrum management, and coordination/advisory functions, would leave IRAC as an advisory body to the OEP, with responsibility for assigning

spectrum rights to individual government users and resolving inter-agency interference problems. Overall spectrum allocation matters, including utilization standards and policies, would be established by the FCA--the the advice of IRAC as to agency needs and potential impact on agency operations--which would also provide analytic support to IRAC through the NECAF and the FCA systems analysis capability. Inasmuch as this approach equates to the present role of IRAC in advising the DTM and dealing with inter-agency problems, it should pose no serious problem for the DOD.

A second alternative would be to strengthen the DTM as the strong focal point for Administration policy formulation and spectrum management, with IRAC continuing in its present advisory role. Present authority of the DTM would be clarified and its staff and resources increased somewhat. The Director would be raised to executive pay level IV, as evidence of the increased stature of the office.

The Department of Commerce would be assigned primary responsibility for technical and economic research and analysis to support the DTM in policy planning and other agencies in system planning and operations. A Telecommunications Research and Analysis Center would be established in Commerce for this purpose, drawing on the Commerce capabilities noted previously and reporting to the Assistant Secretary for Science and Technology. The DTM would provide guidance to the TRAC on research and analysis programs undertaken to support policy planning.

The TRAC would also be responsible for development and operation of the NECAF, and for continued basic and applied research in telecommunication sciences.

A major deficiency of this alternative is the continued split between policy, research and analysis, and operating responsibilities which it implies. While some progress could surely be made by clarification of these responsibilities, it may be difficult to achieve optimum coordination so long as they are fragmented among several agencies.

C. Phase Three (1-3 years from start)

(1) Transfer overall responsibility for managing non-Government use of the radio spectrum resource (electrospace) and setting telecommunication standards from the FCC to the FCA, leaving with the FCC only the function of licensing broadcast stations, common carriers, and private users of the electrospace and adjudicating disputes among competing claimants for electrospace rights packages identified by the FCA.

(2) Transfer responsibility for managing all administrative communication systems/services for the Federal government to the FCA, to exclude national security systems and other systems of either a tactical or strategic nature which would be managed by the Department having primary mission responsibility.



THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

February 3, 1969

MEMORANDUM FOR THE PRESIDENT

Subject: Federal Telecommunications Policy Management

The present system for formulating and managing telecommunications policy is dysfunctional because there is no properly ordained central policy locus. Mismanagement of the electromagnetic spectrum has resulted in valuable spectrum space lying unused and technical improvements unexplored. I propose you delegate responsibility for policy formulation and management to the Department of Commerce.

Background

Prime coordination and policy responsibility for the Executive Branch and for emergency purposes in this field rest with the Director of Telecommunications Management, an Assistant Director of the Office of Emergency Planning in the Executive Office of the President. Prime control over non-Federal use of radio communications is vested in the Federal Communications Commission. As key issues have become increasingly technical, the Director has become less able to function because he lacks the substantial research facilities necessary to properly consider the policy changes required by evolving technology. This is also true to a lesser extent for the FCC.

Moreover, the Director often competes with the Federal Communications Commission on control over portions of the spectrum because both offices are responsible for aspects of spectrum management. This unfortunate situation is compounded by the needs of operating agencies (such as NASA, Transportation, Defense and GSA) whose heavy functional involvement with telecommunications creates competing demands which no central policy authority has been able to balance in the national interest.

The Bureau of the Budget and the so-called Rostow Task Force, late last year, both recommended consolidating telecommunications policy and research functions in an existing cabinet agency. No agency was named or other constructive action taken.

Not True

Action Proposal

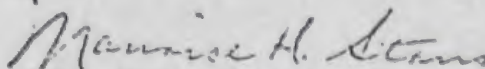
By Executive Order, you can transfer the policy function from your office to mine. I could then create a telecommunications analysis program to support the office by putting our research arm at the disposal of the Director. With the exception of the Defense and space agencies, Commerce has the largest research facilities in this field. I could also combine our data collection and economic analysis resources with the research effort in order to properly support the policy office.

May I submit for your consideration a draft Executive Order for this purpose?

Legislation (or a reorganization plan if the Reorganization Act of 1949 is revived) would be necessary to transfer the spectrum management function from the FCC to my office. The FCC would continue its regulatory functions and license spectrum space, but the policy direction would be unified under my office. This combined policy direction would materially assist coordinating the agencies in government who use the spectrum with private civilian and industrial requirements.

Conclusion

Sufficient evidence exists that the present system cannot function. Logic suggests that the coordinating agency not be a heavy user or the spectrum (in order to remain objective) and that the agency have substantial telecommunications research facilities. Commerce meets these requirements. Finally, I believe it is essential that policy management in this vital area be directly responsive to you at the Cabinet level.


Maurice H. Stans

Bureau of the Budget

ROUTE SLIP

TO Mr. Whitehead

- | | |
|-----------------------|--------------------------|
| Take necessary action | <input type="checkbox"/> |
| Approval or signature | <input type="checkbox"/> |
| Comment | <input type="checkbox"/> |
| Prepare reply | <input type="checkbox"/> |
| Discuss with me | <input type="checkbox"/> |
| For your information | <input type="checkbox"/> |
| See remarks below | <input type="checkbox"/> |

FROM Howard M. Messner

mbw

DATE 5-8-69

REMARKS

Per your request of
Bill Merrill.

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

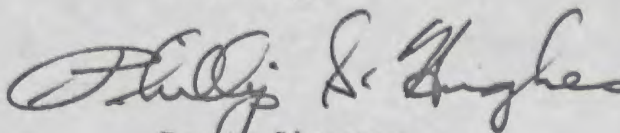
MAY 8 1969

Enclosed herewith is a copy of a study of Federal communications organization which was completed by staff of the Bureau of the Budget in December 1968.

The appropriate course of action with respect to Federal telecommunications organization is now being considered by the Administration. We would appreciate your agency's views on the Bureau's study together with any alternative recommendations you may wish to make.

We would like to receive your comments by May 16, 1969.

Sincerely,

A handwritten signature in dark ink, appearing to read "Philip S. Hughes". The signature is fluid and cursive, with the first name "Philip" being the most prominent.

Deputy Director

Enclosure

Telecommunications

May 13, 1969

MEMORANDUM FOR GENERAL O'CONNELL

Attached is a copy of a memorandum sent to Chairman Hyde of the Federal Communications Commission. Could you please prepare a similar statement so that we can make sure we have covered all the bases. I propose to use this initially for our review of executive branch organization, but also as a basis for a substantive look at our communications policy.

Clay T. Whitehead
Staff Assistant

Attachment

cc: Mr. Whitehead
Central Files

CTWhitehead:ed