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

OFFICE OF THE DIRECTOR

March 24, 1969

MEMORANDUM FOR MR. CLAY T. WHITEHEAD

Our discussion last week on the organization of telecommunications functions within the Executive Branch of the Government has substantially modified my conceptual approach to this problem.

Formerly, based on experience with previous submissions to the Bureau of the Budget, my concepts were constrained by what I thought it was possible to accomplish.

Our discussion indicated to me the possibility of more substantial changes than I previously thought attainable and I will be ready shortly to discuss with you some concepts which would take additional and bigger steps toward improving the organization in the Executive Branch of telecommunications.

J. D. O'Connell

Note: Reference your question on the Department of Commerce operation at Boulder, Colorado, a preliminary first-cut estimate is that approximately 250 of the 1500-plus personnel are engaged in communications-type activities of a research nature which could be made more significant to the solution of national telecommunications problems. I have requested and will soon receive more detailed information on this subject.

Telecommunications Meeting 3/24 2 pm

Friday 3/21/69

5:50 Frank Pace, Chairman of the Board of the Corporation for Public Broadcasting, will also attend the presentation in Rm. 248 on Monday (3/21) at 2 p.m.

cc: Mr. Ellsworth

Robert Moore, Mr. Dimichis consultant on Telecommunications, also attended.

PRESENTATION ON
PUBLIC BROADCASTING
Monday, March 24, 1969 - 2 p.m.
Rm. 248

| | | Yes | No |
|---|---|---|---|
| | Mr. H. R. Haldeman | X 2/ | |
| 2880 | Mr. Daniel P. Moynihan | X | |
| 2760 | Mr. Herbert G. Klein | X 1/ | |
| 2665 | Dr. Lee A. DuBridge | X | |
| 4840 | Mr. Robert P. Mayo | X | |

1/ VP's luncheon is at 1 o'clock so Mr. Klein probably won't be able to attend; however, they plan to send someone.

2/ Haldeman hopes to attend

March 24, 69.

////////// Robert Ellsworth White House

1:00 Richard Braaten
(WETA photographer for the 2 o'clock TV presentation in Rm. 248)

248 Eva Daughtrey

2786

3/21/69

FORM WH-25

EXECUTIVE OFFICE BUILDING
WHITE HOUSE
Washington, D. C.

To: Security Officer, White House Police
Main Lobby, EOB

Please admit the following appointments on March 24, 1969, for (Mr.) (~~Mr.~~) (~~Mr.~~) Tom Whitehead, Agency White House.

Name _____ Time 9:00a. Name _____ Time ____

The following men will be going to Room 248 to install the TV monitoring set, in connection with a presentation to be made at 2 p.m. in Room 248. (They will be working with the chief electrician (Mr. John Hudson):

Allison, Lynn
Beissel, Don
Harrison, King
Johnson, Harold
Prohaska, Charles

These men will be taking the TV monitoring set out after the presentation.

Meeting Room: 248 Secretary: Eva Daughtrey

Telephone Ext. 2786

Date: 3/21/69

Other appointments may be called in during the day.

FORM WH-25

EXECUTIVE OFFICE BUILDING
WHITE HOUSE
Washington, D. C.

To: Security Officer, White House Police
Main Lobby, EOB

Please admit the following appointments on March 24, 1969, for (Mr.) /(Mrs.)/ /(Miss)/ Tom Whitehead, Agency White House.

Name Time 2:00 p Name Time

Duke, William

Macy, John

Pace, Frank

Meeting Room: 248 Secretary: Eva Daughtrey

Telephone Ext. 2786

Date: 3/20/69

Other appointments may be called in during the day.

Wednesday 3/19/69

11:15 George Geesey (WETA) advises that they will need to have their men come in early to set up the TV monitor set. They have asked to come in at 9 a.m. and indicate that the telephone people will be checking it all out at 10:30; and that the W.H. Signal Corps probably will be there to check also. 387-1300

Asked that we clear the following people to work on setting it up in Rm. 248 -- at 9 a.m. Monday (3/24):

Lynn Allison
Don Beissel
King Harrison
Harold Johnson
Charles Prohaska

Thursday 3/13/69

6:55 Mr. Rotchford returned my call concerning the possibility of bringing in a line with a TV monitor.

Mr. Rotchford said to have the person call his chief electrician, John Hudson, on 395-3296 and he will work with him. Just tell him exactly what he wants and where he wants it.

They will need to clear the man to come in.

OK
advised
Vicky Reed

Thursday 3/13/69

12:20 Vicky Reed in Bill Duke's office was checking to see if it would be possible to bring in a line with a TV monitor. It would take about 10 minutes for the WETA Public Affairs people to install it.

Checking with Mr. Rotchford.

223-2228

223-4800

3/24
2pm

THE WHITE HOUSE

WASHINGTON

March 13, 1969

MEMORANDUM FOR

Mr. H. R. Haldeman
Mr. Daniel P. Moynihan
Dr. Lee A. DuBridge
Mr. Herbert G. Klein
Mr. Robert P. Mayo

John Macy from the Corporation for Public Broadcasting is arranging a presentation on the activities and future plans of the corporation and on public broadcasting generally. We have scheduled his presentation for 2 o'clock on Monday, March 24. Knowing of your interest in this subject, I thought you might like to attend. The meeting will be held in Room 248 in the Executive Office Building.

Robert Ellsworth
Assistant to the President

Meeting on 3/24 at 2 p.m. we are to let RE and Macy and DuBridge know where the meeting on Public Broadcasting Corporation will be held. ------ secure a meeting room

3/24
2 pm

Wednesday 3/12/69

3:25 Bill Duke indicated that someone mentioned to him that Moynihan is getting a little hot about some of the stuff on public broadcasting -- especially in the preschool programs, etc. They thought it might be useful to include him in the meeting on the 24th.

Mr. Duke didn't want to say anything until it had been checked out with you or Mr. Ellsworth. Thought you might want to talk with Steve Hess in Moynihan's office about it.

Telecommunications

THE WHITE HOUSE
WASHINGTON

March 21

Congressman Howard Pollock's office called:

The Federal Field Center for Economic Development in Alaska is concerned about whether their recommendations with regard to telecommunications for the state of Alaska were included in the Rostow Report.

They would like to know:

(1) Did those recommendations get in the report.

(2) If they didn't and the Report is going to be revised or edited before being released by the Nixon Administration, how could they go about making new recommendations and getting them included this time.

Les Carter

3/21/69

Tom:

Jeanette talked with
Les Parker.
Indicated that someone
would call him back.

Wondered if you
might do the honors.

Eva

File:
I suggest they
call Gen. O'Connell's
office
C Tw

Telecommunications

Wednesday 3/19/69

9:30 Have been trying to reach Marvin Barrett, Director, Alfred I. duPont-Columbia Survey and Awards, to let him know that you would be unable to attend the meeting at Columbia today -- subject: New Technology and the Goals of Communications Policy. (212) 280-5048

Finally reached him this morning. He was very sorry to hear that you wouldn't be there. However, they will try to send you some material from the meeting.

Columbia University in the City of New York | *New York, N.Y. 10027*

GRADUATE SCHOOL OF JOURNALISM Journalism Building

March 7, 1969

Mr. Clay T. Whitehead
The White House
Washington, D. C.

Dear Mr. Whitehead:

For those who live in the United States, 1968 was a cataclysmic year. The increasing anger and restlessness of our younger generation, of our black population and all those who felt themselves in some way ignored or dispossessed, added a new and sometimes frightening dimension to American politics. Two tragic assassinations, an increasing resort to riot and violence, the deterioration of our cities, environmental pollution, all these and many other massive problems have stimulated a growing concern about the quality of American live and the condition of our political and social institutions.

It seems to many of us that the broadcasting media, because they are the primary source not only of entertainment but news and information for most Americans, will bear a special responsibility in the difficult period that lies ahead.

For this reason the Director and Jurors of the Alfred I. duPont-Columbia Survey and Awards in Broadcast Journalism have decided to hold a series of small evening meetings to discuss what the crucial concept of "the public interest" means today, and how broadcasters can best serve this "public interest".

We are enclosing a memorandum that will describe the plan and purpose of these meetings in more detail. We believe that you can make a significant contribution to the discussions and would like to invite you to attend the meeting on the subject of the New Technology and the Goals of Communications Policy, to be held on March 19th, 1969, at the Columbia Men's Faculty Club, 117th Street and Morningside Drive. It will begin at 5 p.m. and adjourn at approximately 10 p.m. Drinks and dinner will be served to the participants.

OK

Paul Laskin, former staff director of the Mayor's task force on CATV and an expert on international satellite communications, will open the discussion. Those participating will include individuals distinguished in broadcasting and other fields as well as members of the duPont panel of jurors. They will number approximately twenty.

We know you will agree with the need for and importance of the duPont-Columbia meetings and we hope you can attend.

Sincerely yours,

Marvin Barrett, Director
Alfred I. duPont-Columbia
Survey and Awards

The Jurors:

Edward W. Barrett, Chairman
Michael Arlen
Sir William Haley
Marya Mannes
Arthur Morse

MB:sch
Encl.

BROADCASTING AND THE PUBLIC INTEREST

A series of discussions sponsored by the Alfred I. duPont-Columbia Survey and Awards in Broadcast Journalism.

The duPont-Columbia meetings on broadcasting and "the public interest" will be a series of discussions bringing together small groups of influential persons, from both within and outside the broadcasting industry, concerned about the formulation of a rational communications policy for the nation. The meetings will be devoted to the definition of "the public interest" and to the discussion of particular topics of importance relating to the use of the broadcast media in "the public interest".

TOPICS FOR DISCUSSIONS

At the present time, five topics have been tentatively selected for discussion.

1. "The Public Interest"

The Communications Act of 1934 imposes upon all broadcasters the duty to serve "the public interest". The concept of "the public interest" is a general one, and its meaning will continue to change as the conditions of everyday life change. The initial meetings will be devoted to a discussion of the meaning of this concept in today's world.

2. New Technology and the Goals of Communication Policy

Communications technology is now evolving rapidly, and over the next decade we shall undoubtedly witness the development of a national communications system with considerably greater channel capacity than our

present over-the-air broadcasting system can provide. By itself, however, technology is a blind tool that can be used in a variety of ways. If we are to use it intelligently and rationally, we must have some prior definition of the goals of communications policy - of the ways in which ideally our system of broadcasting should serve our society. What, for example, are the needs of a modern urban society for channel space, and how can these needs best be met? What private interests should the system serve? Who should have access to the system, and under what conditions? Who should control access? How activist should government be in establishing and protecting an "ideal" system? These are some of the immediate questions that spring to mind.

3. Diversity in Present-Day Broadcasting

While the development of a new communications technology is now proceeding swiftly, the establishment of a national system of broadcasting with broad channel capacity is still years away. In the meantime, a continuing problem is whether increased diversity in programming, and hence increased service to the general public, can be secured in our present system of over-the-air broadcasting. Can the FCC, for example, secure greater diversity through greater insistence that station licensees offer more balanced programming? Can it be secured by limiting network ownership or control of the programs broadcast by station licensees, thereby fostering competition among program sources? Or will greater competition among program sources simply lead to more of the same - a sterile copying of the successful formula of the day? Can diversity be secured through financial assistance for public broadcasting? Or are the funds that are likely to come forward too

few to be particularly helpful? In the end, must we rely on the good intentions of the broadcaster? And if so, can we rely on even the best-intentioned broadcaster in view of the economics of present-day broadcasting?

4. Political Broadcasting

Most political candidates rely heavily on television and radio to reach their electorates. For example, they buy air-time for spot announcements, for set speeches, for controlled question-and-answer programs. When we look at the independent performance of broadcasters in the field of political broadcasting, it is obvious that it varies considerably from station to station, and many have questioned whether broadcasters are performing their proper role in the field of politics. The meetings will explore what this role should ideally be - both in the presentation of material paid for by a candidate and in the broadcasters' own treatment of political contests and matters. Should limitations be imposed on political advertising, for example? What is the proper function of programs wholly paid for and controlled by the candidate? Is there adequate reporting of political contests, investigation of candidates and political issues, commentary on both the candidates and the issues, and editorializing? And if not, how can they be achieved?

5. The Rights and Responsibilities of Broadcasters in Public Affairs and News Programming

A number of public officials have been critical of the coverage by the networks last August of the Democratic National Convention and have called for a governmental investigation of network news practices. Many broadcasters

have reacted with alarm, fearing that governmental investigation will operate as a form of prior restraint on their right of free speech. This is one of several issues the meetings will explore concerning the rights of broadcasters under the First Amendment in news and public affairs programming and their concomitant responsibilities, both legal and moral. The discussions will be concerned not only with program content, but with the form in which news and public affairs programs are presented.

STRUCTURE OF MEETINGS

The immediate plan is to schedule ten meetings, two for each of the subjects that have just been described. Each meeting will comprise about a dozen persons - the project staff (Louis Cowan and Marvin Barrett of the Columbia Graduate School of Journalism, Paul Laskin, and a rapporteur), members of the panel of jurors for the duPont-Columbia Survey and Awards, and about eight to twelve special guests. The meetings will be held in New York, Washington, and elsewhere, as circumstances indicate. They will commence at 5 p.m., recess for cocktails and dinner, resume after dinner, and adjourn at approximately 10 p.m. A short paper on each subject will be prepared and distributed to each participant about a week before the appropriate meeting. The paper will provide the essential background and indicate the more important questions that require discussion.

PUBLICATIONS

After all ten meetings have been held, the project staff will prepare a book setting forth the significant views and conclusions expressed

at them. The book will be designed for national publication. It will not only make these views and conclusions available to a wider audience, but will also permit the meetings to have a continuing impact.

To open up as many avenues as possible to the large number of people concerned with broadcasting and "the public interest", the project staff also intends to publish periodic reports of the meetings in the Columbia Journalism Review and the duPont-Columbia Survey of Broadcast Journalism.

PARTICIPATION BY LAW SCHOOLS

The project staff will also seek to stimulate a selected number of law schools around the country to hold similar meetings on the use of the broadcast media in "the public interest". The meetings will be designed to bring together law school faculty members, students and community leaders with local broadcasters to discuss both national broadcasting and broadcasting in their community and to stimulate local concern.

duPont
Columbia University
*New York, N.Y. 10027*
GRADUATE SCHOOL OF JOURNALISM

VIA AIR MAIL

Mr. Clay T. Whitehead
The White House
Washington, D. C.

PERKINS McGUIRE
800 SEVENTEENTH STREET, N. W.
WASHINGTON 6, D. C.

MAR 20 1969

TEL.(202) 298-8320
CABLE ADDRESS: McGUIRE

March 18, 1969

Mr. Robert F. Ellsworth
Assistant to the President
Room 100
Executive Office Building
Washington, D.C.

Dear Bob:

My recollection is not quite clear, but it seems to me that some of my correspondence with John Mitchell and what the Johnson Administration might do with the Rostow Study Group report was in your hands. At any rate, the attached letter from Bob Button, who was the man contacting me prior to the election regarding communications, I think is self-explanatory.

He was sent to me by General McCormack and as far as I know is very well thought of in the communications field.

Came out of the hospital Sunday, will probably be anchored to this house for another week or ten days, and then back to work to bother you.

Regards,

Perkins McGuire

Enclosures

COMMUNICATIONS SATELLITE CORPORATION

March 11, 1969

Dear Perk:

Attached is the first indication I have had that things are coming to a head.

Bob Ellsworth has a major piece of the action as he is White House man covering the various regulatory agencies.

I think I am the only person in Washington with substantial experience in commercial broadcasting, non-commercial broadcasting, policy-level government service and advanced communications carrier technology. These plus RN Associates constitute my main qualifications and I will match them against anybody with confidence as to the outcome. Incidentally, I also have a law degree. A short resume is attached.

I would welcome any support you saw fit to give.

Meanwhile my best wishes for your quick recovery.

Cordially,

atcs.

Mr. Perkins McGuire
George Washington University Hospital
901 23rd Street, N.W.
Washington, D.C.

THE WHITE HOUSE

WASHINGTON

May 20, 1969

MEMORANDUM FOR THE PRESIDENT

Peter Flanigan has sent you a memorandum recommending that you approve the public release of the report of the Presidential Task Force on Telecommunications Policy (Tab A).

The report, prepared by a Task Force set up by President Johnson and chaired by Under Secretary of State Eugene Rostow, was delivered to the White House in December of 1968. It was not released by President Johnson because it was highly controversial. However, it was widely leaked to the press and to the industry.

Mr. Flanigan's memorandum outlines in detail several principal recommendations. He goes on to point out, however, that the report is not very convincing on most of the controversial matters and is unlikely to create strong pressure for those recommendations with which we disagree.

While there are several arguments for and against releasing the report at this time, Mr. Flanigan recommends that it be released promptly so as to prevent adverse criticism during upcoming congressional hearings on various telecommunications matters and because in the near future your Administration will recommend two or three major initiatives in the telecommunications area which will dominate the attention of the press and the industry and overshadow the Rostow report.

RECOMMEND

That you approve the public release of the report by transmittal of copies to the Library of Congress and release by the Government Printing Office. No press release will be prepared but a background memo will be sent to Mr. Ziegler. Dr. DuBridge and Mr. Ehrlichman concur in this recommendation.

Kenneth R. Cole, Jr.

Approve RN Disapprove_____

THE WHITE HOUSE

WASHINGTON

May 19, 1969

MEMORANDUM FOR THE PRESIDENT

Subject: Disposition of Task Force Report on Communications Policy

A Presidential Task Force on Communications Policy was set up within the executive branch by President Johnson on August 14, 1967, chaired by Under Secretary of State Eugene Rostow. The Task Force undertook a comprehensive review of telecommunications problems, many of which were quite controversial. It produced a voluminous report and a wide range of recommendations. There was little representation of telecommunications expertise on the staff, and the report is not highly regarded in the industry. However, the Task Force did provide a useful thrust of economic and political analysis into the communications field.

The report was delivered to the White House in early December of last year. Due at least in part to the controversy concerning the report, particularly with respect to the common carrier and broadcasting chapters, President Johnson did not release the report. However, it was widely leaked to the press and to the industry.

Some of the principal recommendations in the report were:

- Legislation should be enacted to permit merger of the U. S. international transmission facilities, including those of AT&T, the record carriers, and COMSAT under a number of specific conditions. The legislation should permit the Government to force action in this area, if necessary.

- INTELSAT should continue in essentially its present form but with some additional flexibility in both structure and policy (e.g., some relaxation of policy against regional or dome stic satellites systems).

- The U. S. should engage in a number of modest steps to encourage the use of satellite communications capability for the less developed nations.

- A demonstration domestic communications satellite program should be undertaken promptly in order to explore the possibility of such a system. COMSAT should act as trustee in order to leave important questions about ownership and competition until the pilot was completed.

- There should be some increase in the amount of competition among common carriers. Other recommendations were made with respect to Western Union, including exploration of consolidation of some parts of its system with Post Office.

- Policies in the general direction of freeing cable television to develop in accordance with competitive market forces were urged.

- A single spectrum manager for both the Federal Government and other users was recommended over the present military-civilian dichotomy between the executive branch and the FCC.

- Throughout the document, strengthening and some alteration of Federal regulation of telecommunications was recommended, and an improved policy making and spectrum management capability in the executive branch was also urged.

Reasons supporting release of the Rostow Report at this time include:

- The document was widely leaked during the previous Administration. On the one hand, it is awkward not to acknowledge its conclusions; and, on the other hand, we are accused of hiding "something" to protect AT&T or others.

- A number of sources, including Congressional committees, have been pressing for its release.

- The Administration's policy of openness, together with the Freedom of Information Act, makes it desirable to release it.

- The report can be released in such a way as to make clear that there is no Administration commitment to its contents. Although the report is entirely a brief for Task Force recommendations, we can legitimately claim credit for stimulating more informed public discussions of these important issues.

Reasons against release of the report include:

- Public release may generate pressures for action in areas where we would prefer to avoid or delay action.

- A number of Government agencies involved, particularly FCC, and various segments of the industry are strongly opposed to one or another of the report's recommendations, so that release could generate undesirable public conflicts.

- President Johnson's unwillingness to release the report might raise some unfavorable comment or reaction as to the motives for release by this Administration.

We believe the report should be released in a low-key way and should be done promptly to prevent adverse criticism during upcoming Congressional hearings on various telecommunications matters. The report is not very convincing on most of the controversial matters, so that release of the report is unlikely to create strong pressures for those recommendations with which we disagree.

We intend to recommend in the near future two or three major Administration initiatives in the telecommunications area and expect that these actions, rather than the Rostow Report, will dominate the attention of the press and the industry.

Recommendation

That you approve the public release of the report by transmittal of copies to the Library of Congress and release by the Government Printing Office. No press release will be prepared, but a background memorandum will be sent to Mr. Ziegler.

Dr. DuBridge concurs in this recommendation.
John Ehrlichman concurs in this recommendation.

Peter M. Flanigan
Assistant to the President

Approve_____

Disapprove_____

Telecommunications

March 17, 1969

Dear Mr. Rostow:

Thanks so much for sending along the revised text of your speech as delivered, "A Communication Policy for the '70s".

We are moving on the release of the Rostow Report, in context, and I will keep you informed.

Warm personal regards.

Sincerely,

Robert Ellsworth
Assistant to the President

Honorable Eugene V. Rostow
Yale University Law School
New Haven, Connecticut

Revised Text - Speech As Delivered

# A COMMUNICATION POLICY FOR THE '70s

by
Eugene V. Rostow
Sterling Professor of Law and Public Affairs
Yale University

Speech Before Briefing Sessions
of
The American Management Association

New York City, March 10, 1969

I should begin this talk with a clear disclaimer: I am not going to discuss the Report of the President's Task Force on Communications Policy which is said to have been submitted to President Johnson on December 7, 1968. I am an old-fashioned lawyer who respects legal fictions. Indeed, I sometimes enjoy them. While I realize that copies of the Report, in plain wrappers, are hawked at the corner of Wall and Broad Streets for fifty cents apiece, or less, I shall address you today in my personal capacity, as one who has been a student of industrial organization for a considerable part of his professional life.

I shall not strain your credulity, or your respect for legal fictions, beyond endurance. I shall not pretend that I did not serve as Chairman of the Task Force for seventeen spirited months, and that the experience did not teach me a good deal about the communications industry, and its extraordinary capacity to keep itself informed --invisibly, unobtrusively, but nonetheless effectively. But any resemblance between what I say and the Report will be purely coincidental. And I assure you that some of the positions I shall suggest today are not reflected in that famous - or notorious - document, which, according to law at least, is still shielded from profane view by the doctrine of Executive Privilege.

I should be less than human, too, if I did not also disclose to you my hope that President Nixon will decide to release the Report in the not very distant future. The issues of policy discussed in the Report are difficult. They all involve close choices. Reasonable men can and do disagree with the conclusions we reached. But I believe that anyone who examines the framework of this turbulent industry, bursting with innovation and potentiality for innovation, would agree that the decisions of policy which simply have to be made in this field, and made soon, should be based on the fullest possible examination of the problems treated in the Report, and in the Staff Studies which lie behind it -- an examination by the Executive Branch, by the Congress, and by the public.

I

Let me start by setting out some general principles which define my approach to the subject.

In the first place, the communications industry is not an ordinary business providing services to the public. It is affected with profound public interests. And that fact colors my view of communications policy, as I'm sure it does yours.

We live today in a maze of electronic signals. Their influence on the quality of our lives -- for good and for ill -- is incalculable. The mass media make the best and the worst in men instantly available -- great plays, knowledge, and the conversation of philosophers; cruelty, distortion and propaganda as well. They enrich the fabric of society, and at the same

time, they strain it.

Let me cite an example which is much on all our minds. Many who seek to change public opinion have taken the famous message of the Canadian Medium to heart. They have abandoned the pamphlet and the soapbox, and the other time-honored means of sober persuasion, in favor of staging bloody dramas for television. "Getting into the media demands a price," a Stanford student activist recently wrote. "Spokesmen for the major parties pay with money. Poor people, black people, and students pay with blood, or at least with violence...When the news media do grant time to student leaders in formats off-the-street, it is usually in the aftermath of violence or in its expectation."* These men, women and children do not appeal to reason, but to fear. They are not trying to persuade, but to shock, to intimidate, and, in some instances, to destroy important institutions of society.

The relative success of their tactics, and the bewilderment thus far of society in trying to deal with them, raise intensely difficult problems of policy and responsibility which I shall not try to deal with today. But they are problems which our society will have to resolve, and resolve wisely, if we are to survive as a free people.

On the other side, we know too that television and other electronic tools are desperately needed to supplement the work of teachers, if we are to meet the world-wide yearning for education. The most depressing statistic I know is that the rate of illiteracy in the world is rising, as population growth in many countries outstrips the training of teachers. Electronic

* "NEW REPUBLIC", November 23, 1968, p. 23

communication media will have to be used in new and imaginative ways, if we want education to release man from his bondage to ignorance and superstition.

We know also that good programs of communication, at home and abroad, can help build and reinforce the sense of community which is the only possible foundation for social peace. Per contra, we know that bad programs, and the breakdown of communications, can help to intensify suspicion and distrust, and weaken the bonds of concord which define a living community.

In communications policy, our flag is nailed to the principles of freedom of speech and of the press. On the one hand, telecommunications provide a vehicle for vastly enlarging the reach and impact of individual expression. On the other, however, access to the medium is not unlimited. Recognizing this dilemma, national policy has carefully sought, at least since the passage of the Communications Act of 1934, to develop a legal and economic framework for communications policy which allows many voices to compete in the marketplace of ideas and of taste. We have taken pains to protect society against the risks of concentrated power, in the hand either of government or of the communications companies. Many fundamental problems in this area are as yet unsolved. We have by no means made sure, for example, that the views of all branches of government are fully available to the citizen without distortion. In this connection, let me note with high hope the passage of the Public Broadcasting Act of 1967, and welcome the contribution it should make to the quality and variety of the broadcasting available to our people.

The communications industry should be viewed in other perspectives, as well. It is fundamental to our security, and to the security of our Allies. And it is vital to the economic progress of advanced and developing nations alike.

Telecommunications is in many ways a new industry, based on technologies which are advancing at an unprecedented pace. They offer unlimited opportunities for improving customary methods of business and finance, of learning, of entertainment and leisure. Above all, they offer the citizen everywhere the chance to acquire the knowledge and the insight essential to the mature exercise of his responsibilities.

In the light of these considerations, I approach the problem of communications policy with these hypotheses in mind:

1) First, the legal and economic environment of the industry should be structured in ways which assure the citizen a wide range of choices -- as wide a range as technology and economics permit -- in the information, the opinion and the tastes to which he is exposed.

   This principle applies as much to world communications as to communications within the United States. The long, painful struggle of our foreign policy to create a new system of peace simply cannot succeed unless communications begin to establish a firmer web of understanding and sympathy among peoples.

2) Second, it is an important goal of policy, and not merely of pride, that the United States remain pre-eminent in this critical field. Policy should therefore seek every opportunity to provide incentives for innovation, both in technique and in management.

3) Third, the communications policy of the United States should give special consideration to the needs of the developing countries. For those countries, modern communication systems are an urgent concern, both to make available to them the full resources of available information and knowledge, and to provide an indispensable catalyst for their educational, economic and social progress.

II

I suggest that we should analyze the communications industry as a system -- a continuum of relationships extending from public and private research, at one end of the spectrum, to the provision of private and common carrier communications services, at home and abroad, at the other. For me, one of the strongest lessons of our Task Force effort was the connection among the various segments of the problem, and the risk of viewing them in isolation. Technology is abolishing one after another of the boundaries between parts of the industry. The vanishing distinction between voice and record transmission is only one instance of the phenomenon, and perhaps not even the most important. That process is continuing, and it will surely accelerate as the full impact of improvements in satellites, micro-wave trans-

mission, cables, and even newer techniques begin to affect familiar patterns of behavior. These changes will be felt everywhere, as the potential of private systems is realized, and the market for computers expands radically. These potentialities will surely be realized, unless they are held back by needlessly restrictive regulatory policy.

Communications services are now provided by private and common carriers, and by radio and television broadcasters, who in turn depend to a considerable extent on communications services provided by common carriers, as well as their own transmission facilities. There has been rapid recent growth in private communications systems of all kinds, and in CATV, originally as an extension of the reach of broadcasting, and more recently as a vehicle for the origination of broadcasting, and the provision of new and specialized communications services.

These providers of ultimate communications services operate in markets of different dimensions, and they face different problems of competition and regulation. They serve many classes of customers, from the users of computer services and of company or industry networks to the ordinary private home telephone user, the radio or television listener, or the cable television subscriber.

Both the providers and users of communications services constitute an enormous and growing market for communications equipment. Some providers of communications services have relied for equipment primarily on their own subsidiaries, others on overlapping national and international markets of large and small manufacturing companies. The number of companies participating

in this market has grown, and many new entrants have made spectacular and important contributions. Maintaining, and indeed increasing, the pressures and incentives of competition in this area -- the manufacture of communications equipment -- is a matter of fundamental importance, if we are to give continuing priority to technological innovation as a major goal of policy. Diversity and ease of entry here, based on the fullest possible access to the resources of research, are the surest foundation for continued advances in technique, and alertness to the opportunities for new methods and new services.

In short, the area of equipment manufacturing seems to be a sector of the communications system where policy should rely on competition, not regulation, and where the basic principle of market organization should be maximum feasible freedom of entry, policed by the antitrust laws, and stimulated by the procurement arrangements of private and public policy.

Now, let me comment on two parts of the communications system where systems of regulated monopoly are, I believe, justified.

The general approach of our law of industrial organization, the Supreme Court has said, is that competition is the rule, monopoly the exception. We all recognize the considerations of economic, political, and social policy which lie behind this thesis -- our fear of concentrated power, and our conviction that pluralism, and widely dispersed opportunity, are the necessary condition for social and political freedom, and for economic efficiency and progress as well.

There are situations, however, where our preference for com-

petition yields to economic necessity and advantage. Our integrated domestic system for providing a unified public message telephone service is one such case. And, in my judgement, the problem of providing international communications service from the United States, by satellite, cable or any other technique has now become another.

In the field of domestic telephone service, I am persuaded that the case for maintaining and strengthening our present methods for conducting the switched telephone network are sound. This conclusion rests on considerations of convenience to the public, and equally on grounds of system integrity, system optimization and system viability. It is supported as well by weighty arguments of national security.

In the international field, I have concluded that the extraordinary recent increase in the capacity both of cables and of satellites requires the unified operation and control of all forms of international transmission. With prospective capacity both for cables and for satellites far in excess of prospective demand, anything like effective competition between the rival technologies has become inconceivable while the present pattern of ownership survives. On the other hand, if existing facilities are consolidated into a single company, that company should be in a position to make economic choices, based on considerations of cost, among alternative ways of handling existing traffic, and of building capacity to handle future traffic.

In general, it is a corollary of the proposition I have just stated that monopoly should be confined to the functions and the areas where factors of cost and scale make monopoly inevitable or preferable. In

the first instance I have mentioned -- that of the integrated domestic telephone network -- it would follow from this principle that policy should seek to promote an environment assuring free and effectively competitive opportunity for all sorts of business initiatives and developments which may be related to the switched network in one way or another, but whose development would not as such impair the integrity or viability of the network.

An expansion of private services, including private services for hire, is one area where this principle should apply, in my judgment. Some regulation will obviously be necessary to assure the viability of the network in the face of developments of this kind. In my judgment, the telephone companies should be allowed more flexibility in rate-making in order to meet such competition from private carriers. And regulation should not be restrictive in spirit, but dominated by the public interest in diversity, experiment and innovation. The prospect for continued secular increase in the demand for communications service should give assurance that growth in private service can be accommodated without threatening the viability of the basic system. Such private systems should be allowed the privilege of interconnection without impairing the technical integrity of the basic switched telephone network. The same principle should apply to assure maximum freedom for the unregulated development of teleprocessing.

The suggestion I made with regard to the possible consolidation of international facilities obviously raises a number of questions both of regulatory and of Congressional policy. If this approach should be adopted, I believe the new entity should be strictly confined to the function of providing international communications services, both to domestic carriers

and to other large users, like the government. It should not engage in manufacturing, but should be freed to procure from all possible suppliers of equipment. Manifestly, such an approach would require amendment of the Communications Satellite Act of 1962, and of other legal dispositions as well.

This proposal, if adopted, would put the future of satellites in domestic communications into a new light. I do not interpret the Communications Satellite Act of 1962, or the Intelsat agreement of 1964, to give Intelsat a global monopoly of communication by satellite, so far as the United States is concerned. As I read the Act and the agreement, Comsat and Intelsat are our chosen instrument for international communications by satellite. But this view does not imply that domestic satellites are entirely excluded from the reach of the important policies embodied in the Intelsat agreement. I believe that the Intelsat agreement does impose certain obligations on the signatories with respect to projects which may affect the viability of Intelsat as a single global system either technically or economically. It follows, I believe, that domestic satellite projects, and projects of like effect that may be authorized in the definitive arrangements which I hope will emerge from the conference now under-way in Washington, should be undertaken only on the basis of understandings with Intelsat. Such understandings may result in a wide variety of agreements for cooperation, depending upon circumstance -- cooperation in research and development; cooperation in the provision of services; or cooperation designed to protect the capacity of Intelsat to provide the worldwide services which are its great mission.

For the United States, I should favor a pilot domestic satellite project, to be instituted as rapidly as possible, and organized on an experi-

mental basis to provide as much information as possible about the technical and economic promise of satellite technology as a supplement to our existing long-distance transmission facilities, both terrestrial and micro-wave. If we want prompt progress in this field, there is no real alternative to entrusting the management of the pilot project to Comsat as trustee. But no vested interests should accrue as a result of such a venture. In my view, no sector of the industry should be barred from access to satellite technology in the long run, when the international part of the industry is reorganized, and no sector of the industry should have a monopoly position in domestic satellite communication. Broad participation in the pilot project should be provided for from the beginning, to give a desirable impetus to public and educational broadcasting, and to allow the broadcasting industry as such to share in the ground environment of the new system.

Let me say a few words about the implications of this many-faceted approach for our domestic television industry. It is an industry with almost unlimited future prospects, both in fulfilling its present functions, and in helping to meet the many new demands upon our social system -- demands for more rapid social change, for education, for participation, and for the integration of the alienated and the disadvantaged into the larger American community.

I have said that our national communications policy has been dominated at least since 1934 by twin ideas -- maximum feasible diversity and localism, and maximum encouragement for the process of technological business change.

In this area, the burning issue at the moment is the future of CATV, in the light of the recent decisions of the Supreme Court. I believe

that CATV has much to contribute to the realization of both these basic goals of communication policy. On the one side, it should help offer every citizen a wider choice of programs than can now be made available. And it should permit the provision of many new and useful services in addition to the transmission of television signals. On the other, its development could help economize in the use of the spectrum.

Manifestly, the unregulated development of CATV could in theory threaten the viability of some over-the-air broadcasting, especially in the UHF class. While I myself believe this fear is exaggerated, the possibility raises a legitimate question for Congress and for the FCC to keep under careful review.

Meanwhile, the FCC has taken action which seems inconsistent with its professed goal in instituting its proposed inquiry into CATV rules. Expressing a positive interest in the future development of CATV, it has ordered what is for all practical purposes, a standstill in the industry for an indefinite period, while Congress considers new legislation in the copyright field, and the Commission studies the regulatory situation in the light of the Supreme Court decisions.

I cannot believe that such drastic action was necessary, or that it can serve the desirable ends articulated by Chairman Hyde in explaining the Commission's action.

III

I have commented briefly on a few of the principal current issues in the field of communications policy, to illustrate some of the implications of the general principles I stated at the beginning of this talk. You will have no trouble in drawing inferences from the points I have made about information market opportunities during the decade ahead.

In conclusion, I should like to stress what is to me the most important recommendation I can make about public policy in this field.

Communications is an industry in a state of explosion. The cause of that explosion is the continuing process of explosion in technology. Public policy now lacks an essential instrument for executive leadership in studying, proposing, planning, initiating, and negotiating the flow of changes in policy which the strong continuing flow of changes in technology will require in the years ahead. What I suggest here is in no way to criticize the FCC. The FCC is a quasi-judicial agency, and it will continue to be needed. Indeed, it should be strengthened, in my view, in order to be able to perform its present functions more expeditiously and effectively. But the FCC was not designed as an Executive catalyst, a planning agency, and a force for action in keeping policy abreast of the processes of change.

The greatest single need in our present machinery for making communications policy, in my judgment, is an enlarged and strengthened executive agency, which could function in this area roughly as the Department of Transportation was intended to function in the field of transportation policy. It

should coordinate existing executive functions. It should be given the responsibility for managing the allocation of the spectrum, to relieve existing shortages, through the use of more flexible management policies, and the judicious use of market incentives. The current congestion in the use of the spectrum for mobile services, in my judgment, can be cured by more flexible management procedures. Such an agency should plan, propose, and intervene where necessary, to prevent policy from becoming ossified, and to see to it that shortcomings in the system are met before they become crises. It should take the lead in organizing and financing experiments in the social uses of television -- in our ghettoes, our rural slums, and in other isolated sectors of our society.

Beyond this need, which I regard as self-evident, I should call on the universities, the foundations, and the research institutions to devote more time and effort to critical studies in many parts of this field. Communications policy has not been a fashionable subject for teaching and research. Yet much is at stake in this field -- much that is fundamental to our hope that we can survive the stresses of the times as a free and united people. To be good, government policy making requires the pressures of an informed and critical public opinion, an opinion which can see trends invisible to most public servants, however devoted and intelligent, and raise alternatives for timely consideration.

If my recent tour of public service taught me anything, it was the wisdom of Jefferson's comment about the importance of newspapers. I should broaden the field to include not only journalism, but scholarship as well. To be useful, the steady drumbeat of external criticism of government should be as rooted in reality as government policy itself. It should of course be responsible and well informed. If it is independent, tough-minded, and disciplined, it can illuminate, and it can lead.

Telecommunications

Monday 3/17/69

9:50 Dr. Lyons has had a conversation with Mr. Button of COMSAT who said he had talked with you about two or three fellows from the International Industry Managers who had W.H. permission to go over the background materials that are public domain -- not the report itself. He wanted to clear this with you before letting them go through the material.

632-679?

advised Dr Lyons

Anything that is public info.
Not report or staff papers or memoranda.
Contractor reports OK if cleared by sponsoring agency — ask him to check on those.

NYT March 12, 1969

THE

# Department of Communications Urged

By JACK GOULD

The creation of a Department of Communications, which would supersede the Federal Communications Commission in many of its broad and fundamental policy-making functions, will come up for consideration by the White House, Congress and the public.

President Nixon's Administration has decided to reverse the position of former President Lyndon B. Johnson and release the full text of the report of the President's Task Force on Communications Policy. The proposal for a new department to give cohesive direction to the future of communications is part of the report.

It was said in Washington yesterday that the date for the report's release had not yet been chosen.

The task force, headed by Eugene V. Rostow, former Under Secretary of State for Political Affairs, submitted the report to former President Johnson last Dec. 7. But he refused to divulge its contents before leaving office on Jan. 20. In the waning days of his Administration, Mr. Johnson also declined to receive Mr. Rostow, who is now Sterling Professor of Law and Public Affairs at Yale University.

In his first speech on communications matters since leaving Washington, delivered Monday before a meeting of the American Management Association at Roosevelt Hotel, Mr. Rostow said that a strengthened executive agency, patterned on the Department of Transportation, was "the greatest single need in our present machinery for making communications policy."

Mr. Rostow, who observed that many aspects of the task force report had become widely known, said the new department should manage the allocation of the spectrum, intervene where necessary to prevent communications policy from becoming "ossified" and meet shortcomings in the nation's communications system before they develop into crises.

Many members of the F.C.C., who have avoided public comment because the report has not yet been made public, are known to oppose creation of a new department and to feel that with adequate staff and funds the commission could play a leadership role.

### Impact of Move

If a Department of Communications were established, a move for which there appears to be substantial support in the Senate, the F.C.C. would continue to retain licensing authority over individual broadcasting stations but would lose any final say on the broad assignment of bands of frequencies for civilian use.

The thinking behind the task force recommendation of a new agency, it is understood, is that authority over communications has become divided among so many governmental agencies that the net effect has been a deepening void in national policy direction.

In his speech, Mr. Rostow was particularly critical of the F.C.C. for what he portrayd as an ambivalent posture on cable television, the system whereby subscribers pay to have programs brought to their homes over wires rather than over the air. The commission, he said, has voiced confidence in the future of cable TV, yet has brought the burgeoning industry to an indefinite standstill while Congress considers new legislation on copywright law and the F.C.C. ponders Suprme Court decisions.

Mr. Rostow also urged prompt establishment of a pilot domestic communications satellite system, with the Communications Satellite Corporation acting as trustee.

Other matters touched upon by Mr. Rostow included the principle of a chosen single instrument to manage international telephone and data transmissions, preservation of the present integrated telephone system within the United States concern for developing countries in an international satellite program adopted by the United States, and recognition by society that social and political protests seen on TV have replaced the pamphlet and soap box.

Mr. Rostow said that, overall, he did not want to be critical of the F.C.C. because it would continue to be needed in a quasijudicial role. He said the agency should be strengthened, and he noted that it was designed as "an executive catalyst, a planning agency and a force for action in keeping policy abreast of the processes of change."

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Telecommunications 5-2
With Every Good Wish
Eugene Rostow

# A COMMUNICATION POLICY FOR THE '70s

by
Eugene V. Rostow
Sterling Professor of Law and Public Affairs
Yale University

Speech Before Briefing Sessions
of
The American Management Association

New York City, March 12, 1969

Revised
3/12/69

I should begin this talk with a clear disclaimer. I am not going to discuss the Report of the President's Task Force on Communications Policy which is said to have been submitted to President Johnson on December 7, 1968. I am an old-fashioned lawyer who respects legal fictions. Indeed, I sometimes enjoy them. While I realize that copies of the Report, in plain wrappers, are hawked at the corner of Wall and Broad Streets for fifty cents apiece, or less, I shall address you today in my personal capacity, as one who has been a student of industrial organization for a considerable part of his professional life.

I shall not strain your credulity, or your respect for legal fictions, beyond endurance. I shall not pretend that I did not serve as Chairman of the Task Force for seventeen spirited months, and that the experience did not teach me a good deal about the communications industry, and its extraordinary capacity to keep itself informed -- invisibly, unobstrusively, but nonetheless effectively. But any resemblance between what I say and the Report will be purely coincidental. And I assure you that some of the positions I shall suggest today are not reflected in that

famous - or notorious - document, which, according to law at least, is still shielded from profane view by the doctrine of Executive Privilege.

I should be less than human, too, if I did not also disclose to you my hope that President Nixon will decide to release the Report in the not very distant future. The issues of policy discussed in the Report are difficult. They all involve close choices. Reasonable men can and do disagree with the conclusions we reached. But I believe that anyone who examines the framework of this turbulent industry, bursting with innovation and the potentiality for innovation, would agree that the decisions of policy which simply have to be made in this field, and made soon, should be based on the fullest possible examination of the problems treated in the Report, and in the Staff Studies which lie behind it, by the Executive Branch, the Congress, and the public.

I

Let me start by setting out some general principles which define my approach to the subject.

In the first place, the communications industry is not an ordinary business providing services to the public. It is affected with profound public interests. And that fact colors my view of communications policy, as I'm sure it does yours.

We live today in a maze of electronic signals. Their influence on the quality of our lives -- for good and for ill -- is incalculable. The mass media make the best and the worst

in men instantly available -- great plays, knowledge, and the conversation of philosophers; cruelty, distortion and propaganda as well. They enrich the fabric of society, and at the same time, they strain it.

Let me cite an example which is much on all our minds. Many who seek to change public opinion have taken the famous message of the Canadian Medium to heart. They have abandoned the pamphlet and the soapbox, and the other time-honored means of sober persuasion, in favor of staging bloody dramas for television. "Getting into the media demands a price," Tim Haight of Stanford wrote. "Spokesmen for the major parties pay with money. Poor people, black people, and students pay with blood, or at least with violence . . . when the news media do grant time to student leaders in formats off-the-street, it is usually in the aftermath of violence or in its expectation."* These men, women and children do not appeal to reason, but to fear. They are not trying to persuade, but to shock, to intimidate, and to destroy.

The relative success of their tactics, and the bewilderment thus far of society in trying to deal with them, raises intensely difficult problems of policy and responsibility which I shall not try to deal with today. But they are problems which our society will have to resolve, and resolve wisely, if we are to survive as a free people.

* - New Republic, November 23, 1968, p. 23.

On the other side, we know too that television and other electronic tools are desperately needed to supplement the work of teachers, if we are to meet the world-wide yearning for education. The most depressing statistic I know is that the rate of illiteracy in the world is rising, as population growth in many countries outstrips the training of teachers. Electronic communication media will have to be used in new and imaginative ways, if we want education to release man from his bondage to ignorance and superstition.

We know also that good programs of communication, at home and abroad, can help build and reinforce the sense of community which is the only possible foundation for social peace. Per contra, we also know that bad programs, and the breakdown of communications, can help to intensify suspicion and distrust, and weaken the bonds of concord which define a living community.

In communications policy, our flag is nailed to the principles of freedom of speech and of the press. On the one hand, telecommunications provide a vehicle for vastly enlarging the reach and impact of individual expression. On the other, however, access to the medium is not unlimited. Recognizing this dilemma, national policy has carefully sought, at least since the passage of the Communications Act of 1934, to develop a legal and economic framework for communications policy which allows many voices to compete in the market place of ideas and of taste. We have taken pains to protect society against the risks of

concentrated power, in the hands either of government or of the communications companies. In this connection, ~~we note~~ I & we ⟹ note with high hope the passage of the Public Broadcasting Act of 1967, and welcome the contribution it should make to the quality and variety of the broadcasting available to our people.

The communications industry should be viewed in other perspectives, as well. It is fundamental to our security, and to the security of our Allies. And it is vital to the economic progress of advanced and developing nations alike.

Telecommunications is in many ways a new industry, based on technologies which are advancing at an unprecedented pace. They offer unlimited opportunities for improving customary methods of business and finance, of learning, of entertainment and leisure. Above all, they offer the citizen everywhere the chance to acquire the knowledge and the insight essential to the mature exercise of his responsibilities.

In the light of these considerations, I approach the problem of communications policy with these hypotheses in mind:

1. First, the legal and economic environment of the industry should be structured in ways which assure the citizen a wide range of choices -- as wide a range as technology and economics permit -- in the information, the opinion and the tastes to which he is exposed.

This principle applies as much to world communications as to communications within the United States. The long,painful struggle of our foreign policy to create a new system of peace simply cannot succeed unless communications begin to establish a firmer web of understanding and sympathy among peoples.

2. Second, it is an important goal of policy, and not merely of pride, that the United States remain preeminent in this critical field. Policy should therefore seek every opportunity to provide incentives for innovation, both in technique and in management.

3. Third, the communications policy of the United States should give special consideration to the needs of the developing countries. For those countries, modern communication systems are an urgent concern, both to make available to them the full resources of available information and knowledge, and to provide an indispensable catalyst for their educational, economic and social progress.

## II

I suggest that we should analyze the communications industry as a system -- a continuum of relationships extending from public and private research, at one end of the spectrum, to the provision of private and common carrier communications services, at home and abroad, at the other. For me, one of

the strongest lessons of our Task Force effort was the connection among the various segments of the problem, and the risk of viewing them in isolation. Technology is abolishing one after another of the boundaries between parts of the industry. The vanishing distinction between voice and record transmission is only one instance of the phenomenon, and perhaps not even the most important. That process is continuing, and it will surely accelerate as the full impact of improvements in satellites, micro-wave transmission, cables, and even newer techniques begin to affect familiar patterns of behavior. These changes will be felt everywhere, as the potential of satellites, cables, and private systems is realized, and the market for computers expands radically. These processes of change will surely occur, unless they are held back by needlessly restrictive regulatory policy.

Communications services are now provided by private and common carriers, and by radio and television broadcasters, who in turn depend to a considerable extent on communications services provided by common carriers, as well as their own transmission facilities. There has been rapid recent growth in private communications systems of all kinds, and in CATV, originally as an extension of the reach of broadcasting, and more recently as a vehicle for the origination of broadcasting, and the provision of new and specialized communications services.

These providers of ultimate communications services operate in markets of different dimensions, and they face different problems of competition and regulation. They serve many classes of customers, from the users of computer services and of company or industry networks to the ordinary private home telephone ~~or~~ cable television subscriber.

Both the providers and users of communications services constitute an enormous and growing market for communications equipment. Some providers of communications services have relied for equipment primarily on their own subsidiaries, others on overlapping national and international markets of large and small manufacturing companies. The number of companies participating in this market has grown, and many new entrants have made spectacular and important contributions. Maintaining, and indeed increasing, the pressures and incentives of competition in this area -- the manufacture of communications equipment -- is a matter of fundamental importance, if we are to give continuing priority to technological innovation as a major goal of policy. Diversity and ease of entry here, based on the fullest possible access to the resources of research, are the surest foundation for continued advances in technique, and alertness to the opportunities for new methods and new services.

In short, the area of equipment manufacturing seems to be a sector of the communications system where policy should

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There are situations, however, where our preference for competition yields to economic necessity and advantage. Our integrated domestic system for providing a unified public message telephone service is one such case. And, in my judgment, the problem of providing international communications service from the United States, by satellite, cable or any other technique has now become another.

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methods for conducting the switched telephone network ~~is~~ are sound. This conclusion rests on considerations of convenience to the public, and equally on grounds of system integrity, system optimization and system viability. It is supported as well by weighty arguments of national security.

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In general, it is a corollary of the proposition I have just stated that monopoly should be confined to the functions and the areas where factors of cost and scale make monopoly inevitable or preferable. In the first instance I have mentioned - that of the integrated domestic telephone network - it would follow from this principle that policy should seek to promote an environment assuring free and effectively competitive opportunity for all sorts of business initiatives and developments which may be related to the switched network

in one way or another but do not as such impair its integrity or viability. An expansion of private services, including private services for hire, is one area where this principle should apply, in my judgment. Some regulation will obviously be necessary to assure the viability of the network in the face of developments of this kind. In my judgment, the telephone companies should be allowed more flexibility in rate making in order to meet such competition. And regulation should not be restrictive in spirit, but dominated by the public interest in diversity, experiment and innovation. The prospect for secular increase in the demand for communications service should give assurance that growth in private service can be accommodated without threatening the viability of the basic system. Such private systems should be allowed the privilege of interconnection without impairing the technical integrity of the basic switched telephone network. The same principle should apply to assure maximum freedom for the unregulated development of teleprocessing.

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This proposal, if adopted, would put the future of satellites in domestic communications into a new light. I do not interpret the Communications Satellite Act of 1962, or the Intelsat agreement of 1964, to give Intelsat a global monopoly of communication by satellite, so far as the United States is concerned, or, on the other hand, to exclude domestic satellites entirely from the reach of the important policies embodied in the Intelsat agreement, which is now being renegotiated. I believe that the Intelsat agreement imposes certain obligations on the signatories with respect to projects which may affect the viability of Intelsat as a single global system either technically or economically. It follows, I believe, that domestic satellite projects, and projects of like effect that may be authorized in the definitive arrangements which I hope will emerge from the conference now underway in Washington, should be undertaken only on the basis of understandings with Intelsat, which may result in agreements to a wide variety of agreements for cooperation, depending upon circumstance - cooperation in research and development, cooperation in the provision of services, or cooperation designed to protect the capacity of Intelsat to provide the worldwide services which are its great mission.

For the United States, I should favor a pilot domestic satellite project, to be instituted as rapidly as possible, and organized on an experimental basis to provide as much information as possible about the technical and economic promise of satellite technology as a supplemental to our existing long-distance transmission facilities, both terrestrial and micro-wave. If we want prompt progress in this field, there is no real alternative to entrusting the management of this pilot project to Comsat as trustee. But no vested interests should accrue as a result of such a venture. In my view, no sector of the industry should be barred from access to satellite technology in the long run, when the international part of the industry is reorganized. And broad participation in the pilot project should be provided for from the beginning, to give a desirable impetus to public and educational broadcasting, and to allow the broadcasting industry as such to share in the ground environment of the new system.

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I have said that our national communications policy has been dominated at least since 1934 by twin ideas - maximum feasible diversity and localism, and maximum encouragement for the process of technological and business change.

In this area, the burning issue at the moment is the future of CATV, in the light of the recent decisions of the Supreme Court. I believe that CATV has much to contribute to the realization of both these basic goals of communication policy. On the one side, it should help offer every citizen a wider choice of programs and services than can now be made available. And it should permit the provision of many new and useful services in addition to the transmission of television signals. On the other, its development could help economize in the use of the spectrum.

Manifestly, the unregulated development of CATV could in theory threaten the viability of some over-the-air broadcasting, especially in the UHF class. While I myself believe this fear is exaggerated, the possibility raises a legitimate question for Congress and for the FCC to keep under careful review.

Meanwhile, the FCC has taken action which seems inconsistent with its professed goal in instituting its Proposed Inquiry into CATV Rules. Expressing a positive interest in the future development of CATV, it has ordered what is for all practical purposes a standstill in the industry for an

indefinite period, while Congress considers new legislation in the copyright field, and the Commission studies the situation in the light of the Supreme Court decisions.

I cannot believe that such drastic action was necessary, or that it can serve the desirable ends articulated by the Chairman.

I have commented briefly on a few of the principal current issues in the field of communications policy, to illustrate some of the implications of the general principles I stated at the beginning of this talk. You will have no trouble in drawing inferences from the points I have made about information market opportunities during the decade ahead.

In conclusion, I should like to stress what is to me the most important recommendation I can make about public policy in this field.

Communications is an industry in a state of explosion under the impact of changing technology. Public policy now lacks an essential instrument for executive leadership in studying, proposing, planning, initiating, and negotiating the flow of changes in policy which these changes in technology will continue to require in the years ahead. What I suggest here is in no way to criticize the FCC. The FCC is a quasi-judicial agency, and it will continue to be needed. Indeed, it should be strengthened, in my view, in order to be able to perform its present functions more expeditiously and effectively. The FCC was not designed as an Executive catalyst, a planning

agency, and a force for action in keeping policy abreast of the processes of change.

The greatest single need in our present machinery for making communications policy, in my judgment, is an enlarged and strengthened executive agency, which could function in this area roughly as the Department of Transportation was intended to function in the field of transportation policy. It should coordinate existing executive functions. It should manage the allocation of the spectrum, to relieve existing shortages, through the use of more flexible management policies, and the judicious use of market incentives. It should plan, propose, and intervene where necessary, to prevent policy from becoming ossified, and to see to it that shortcomings in the system are met before they become crises.

Beyond this need, which I regard as self-evident, I should call on the universities, the foundations, and the research institutions to devote more time and effort to critical studies in many parts of this field. Communications policy has not been a fashionable subject for teaching and research. Yet much is at stake in this field -- much that is fundamental to our hope that we can survive the stresses of the times as a free and united people. To be good, government policy making requires the pressures of an informed and critical public opinion, an opinion which can see trends invisible to most public servants, however devoted and intelligent, and raise alternatives for timely consideration.

If my recent tour of public service taught me anything, it was the wisdom of Jefferson's comment about the importance of newspapers. I should broaden the field to include not only journalism, but scholarship as well. To be useful, such criticism should be as rooted in reality as government policy itself. It should of course be responsible and well informed. If it is independent, tough-minded, and disciplined, it can illuminate, and lead.

Off of Telecommunications

March 11, 1969

Dear Dick:

Just a note to tell you that I have today sent you a copy of the Rostow Report. It should be arriving in a few days.

It was great seeing you the other day, Dick -- be sure and give me a call the next time you're in town.

Warm personal regards.

Sincerely,

Robert Ellsworth
Assistant to the President

Mr. Richard Moore
6290 Sunset Boulevard
Los Angeles, California

Telecommunications

March 11, 1969

Dear Charles:

Here is the tentative list I referred to. Any additions or comments will be appreciated.

Sincerely,

Signed
C. T. Whitehead
Staff Assistant

Enclosure

Mr. Charles McWorter
AT&T
195 Broadway
New York, New York 10007

TWhitehead/jc

cc: Mr. Ellsworth
Mr. Mefgren
Mr. Whitehead
Mr. Rose

## INDUSTRY

AT&T: * Ed Crossland, VP-Federal Relations, New York City;
Ben Oliver, VP-Government Operations, Washington, D. C., 466-3000
Ben Givens, Asst. VP-Federal Relations, Washington, D. C.

ITT: * Joseph J. Gancie, VP-ITT World Communications, Washington, D. C., 296-6200
John Ryan, Task Force Contact, 296-6000 ext. 213

RCA Communications: Howard Hawkings, President, New York City

Western Union Telegraph Co.: * Earl Hilburn, VP and Special Assistant to the President, New York City
Richard Callaghan, VP-Congressional Liaison

COMSAT: * General McCormick, Chairman, Washington, D. C.
Dr. Charyk, President, Washington, D. C.
David Acheson, General Counsel, Washington, D. C.

Western Union International: E.A. Gallagher, President, New York City

GT&E: * Theodore F. Brophy, VP and General Counsel, New York City
Gaylord Horton; * Jim Clerkin, VP-Operations

Hughes Aircraft: * Dr. Fred Whellon, VP Engineering, Culver City, California
Clell McKinney, NASA & Commercial Communications Activities, Washington, D. C.
Mr. Paul Visher

IBM: Robert King;
George Hallgren;
* Jack Melick, Data Processing Division, Washington, D. C., 333-6700 ext. 7196.

Sperry Rand Corporation: W. L. Barrow, VP for Research, Development, and Engineering, New York City.

## Labor

Communications Workers of America: Joseph A. Beirne, President, Washington, D. C.

National Association of Broadcast Employees & Technicians: Chicago, Illinois.

American Federation of Television & Radio Artists: Vicki Viola, New York City.

## Industry Associations

National Association of Broadcasters: Vincent T. Wasilewski, President, Washington, D. C.
Association of Independent Telephone Companies: Paul Porter, Counsel, Washington, D. C.
Association of Maximum Service Telecasters: Lester Lindow, Executive Director, Washington, D. C.
National Educational Television: James Karayn, Washington Bureau Chief, 483-6367.
American Advertising Federation: New York City.
Radio Advertising Bureau: Miles David, President, New York City.
Television Bureau of Advertising: Norman Cash, President, New York City.
Electronic Industries Association: Washington, D. C.
National Community Television Association: Fred W. Ford, President, Washington, D. C.

## Institutions

Brookings Institution: William Capron, Washington, D. C. 483-8919.
Ford Foundation: * McGeorge Bundy, President, New York City;
Paul Laskin, Task Force Contact, 212-573-5000.
Carnegie Corporation of New York: Alan Pifer, New York City.

## Technical Groups

Joint Technical Advisory Committee of the Institute of Electrical and Electronic Engineers and the Electronics Industry Association: John M. Kenn, Secretary, New York City.

Telecommunications

Today 3/7/69

9:05 NOTE FOR THE FILE

Mr. Whitehead said Leonard Marks was describing his conversation today or yesterday with the Mongolian representative. Called his office and asked for a copy of a memorandum of conversation -- if there might be one.

They will check Disard's office and send.

THE WHITE HOUSE

WASHINGTON

3/7/69

Tom:

I will retype this list if you'd like.
But I noticed a few changes that should
be made and thought you might want to
look it over -----

CEA

Peck replaced by Paul McCracken (they show in)
Thomas G. Moore replaced Ott

NASA

James Webb is out -- replaced by
Dr. Thomas O. Paine

OST

Dr. Russell Drew has two l's instead of one.

Eva
Hodgson's office will call back
(11th) 2005 re staff

BB FORM
NO. 4

Bureau of the Budget

## ROUTE SLIP

SW 3/7

TO Mr. Clay T. Whitehead

| | |
|---|---|
| Take necessary action | ☐ |
| Approval or signature | ☐ |
| Comment | ☐ |
| Prepare reply | ☐ |
| Discuss with me | ☐ |
| For your information | ☐ |
| See remarks below | ☐ |

FROM William A. Morrill DATE 3-6-69

REMARKS

— new

Office of the Director of Telecommunications Management
Member and Vice Chairman: James D. O'Connell
Staff Representative: Ralph Clark

Department of Justice
Member: Donald F. Turner replaced by Edward M. Zimmerman (Asst. Attorney General Antitrust Division) replaced by Richard W. McLaren
Staff Representative: Lionel Kestenbaum

National Aeronautics and Space Council
Member: Edward C. Welsh - (Vacant)
Staff Representative: Capt. Winfred E. Berg

Health, Education and Welfare
Member: Dean W. Coston (Dep. Under Secretary) replaced by John G. Feneman (Under Secretary)
Staff Representative: Dr. Ruth M. Davis

Office of Science and Technology
Member: Dr. Donald F. Hornig replaced by Dr. Lee DuBridge
Staff Representative: Dr. Russel C. Drew

Department of Transportation
Member: Donald G. Agger (Asst. Sec-Int. Affairs & Special Programs) replaced by Paul Cherington
Staff Representative: Robert Lowe replaced by Richard Gable

Department of State
Chairman: Eugene V. Rostow (Under Secretary for Political Affairs replaced by U. Alexis Johnson
Member: Anthony M. Solomon (Asst. Sec., Economic Affairs replaced by Joseph A. Greenwald, Acting
Staff Representative: Frank E. Loy and Thomas E. Nelson

U.S. Information Agency
Member: Leonard H. Marks, Director replaced by Frank Shakespeare
Staff Representative: Dr. William N. Lyons
(OCB)

Bureau of the Budget
Member: Charles Schultze replaced by Charles Zwick replaced by Robert Mayo
Staff Representative: William A. Morrill

Council of Economic Advisors
Member: Gardner Ackley replaced by Merton J. Peck replaced by Paul McCracken, Chairman
Staff Representative: Roger Noll replaced by David Ott replaced by Thomas D. Moore

Department of Commerce
Member: J. Herbert Holloman replaced by John F. Kincaid replaced by Joseph Bartlett (Under Secretary) replaced by Rocco C. Siciliano
Staff Representative: Arthur Omberg replaced by Walter Hinchman

Thomas O. Paine

National Aeronautics and Space Administration
Member: ~~James E. Webb~~ represented by Willis H. Shapley, Assoc. Dep. Adm.
Staff Representative: Dr. Walter Radius

Department of Defense
Member: Solis Horwitz (Asst. Sec (Adm)) replaced by Robert F. Froehlke
Staff Representative: David L. Soloman

Department of Labor
Member: James J. Reynolds (Under Secretary) replaced by James D. ~~Hogson~~ Hodgson

Department of Housing and Urban Development
Member: Robert C. Wood (Under Secretary) replaced by Richard C. VanDeusen
Staff Representative: Thomas Rogers (Director of Office of Urban Tech. and Research)

FCC - ExOfficio
Rosel Hyde

Telecommunications

THE WHITE HOUSE
WASHINGTON

3/5
Bill Duke called;
is now with Columbia Broadcasting
Suggests domestic satellite
be tied to rural rather
than urban community.

223-4800
223-2228

Telecommunications

PERSONNEL

Abbott Washburn -- former head of USIA -- has been asked by Henry Loomis to make a review of the Rostow Commission and BOB report on Telecommunications.

General Lincoln has invited him to be the replacement for General O'Connell when his term ends March 28). Also suggests that he be the Deputy to Marks for the INTELSAT Conference.

Telecommunications

Wednesday, 9/1/82

4:55 NOTE FOR THE FILE

Mr. Whitehead asked me to call Bill Merrill and tell him he would appreciate it if Mr. Merrill would let all the agencies know that the White House has no objection to the release of the GAO report on this issue.

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

# *Memorandum*

TO : Dr. C. T. Whitehead DATE: March 5, 1969

FROM : USIA:IOP/PA - William N. Lyons L

SUBJECT: Task Force on Communications Policy - Contract Studies

You inquired concerning studies contracted by the Task Force on Communications Policy. Here they are:

1. Complan Associates, Inc., 19 Miles Road, Suffren, New York 10901
   A STUDY OF DISTRIBUTION METHODS FOR TELECOMMUNICATIONS
   A STUDY OF CONSUMER TELECOMMUNICATIONS SERVICES

2. Page Communications Engineers, 3300 Whitehaven Street N. W., Washington, D. C.
   NEW COMMUNICATIONS TECHNOLOGIES FOR LESS DEVELOPED COUNTRIES

3. Stanford Research Institute, Menlo Park, California
   SATELLITE-DISTRIBUTED EDUCATIONAL TELEVISION FOR DEVELOPING COUNTRIES

4. Spindletop Research, Iron Works Road, Lexington, Kentucky
   IDENTIFICATION AND ANALYSIS OF THE ALTERNATIVES FOR ACHIEVING TELEVISION PROGRAM DIVERSITY IN THE UNITED STATES

5. RAND Corporation, 1700 Main Street, Santa Monica, California
   TELECOMMUNICATIONS IN URBAN DEVELOPMENT

6. Kelly Scientific Corporation, 4706 Wisconsin Avenue N. W., Washington, D. C.
   PUBLIC SAFETY RADIO SPECTRUM REQUIREMENTS

7. TEMPO-General Electric, Santa Barbara, California
   ELECTROMAGNETIC SPECTRUM MANAGEMENT

8. National Academy of Engineering, 2101 Constitution Avenue N. W., Washington, D. C. 20418
   SATELLITES AND OTHER LONG-HAUL TRANSMISSION MODES
   URBAN COMMUNICATIONS
   ELECTROMAGNETIC COMPATIBILITY

5010-108

*Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan*

March 4, 1969

MEMORANDUM FOR MR. KLEIN

Regarding the attached item in Television Digest, I thought you should know that our current thinking is that the Rostow Report should be released, probably in some low-key way. We really have no choice, given the great publicity and wide availability of leaked copies.

We are now thinking how best to do this and will do so shortly after the close of the INTELSAT Conference (March 21).

Robert Ellsworth
Assistant to the President

Attachment

CTWhitehead:ed

cc: Mr. Whitehead

"CATV has great promise. It should be permitted to grow. A CATV system gets more subscribers with more programs, more special services. It's unlike commercial on-air TV, which is based on mass audience & advertising. On the other hand, air TV is considered free—at least in a psychological sense. Of course, it isn't free, because we pay for the sets, for the advertising in cost of products.

"There's no immediate way to shift to CATV without spending hundreds of billions of dollars. Ghetto people, who need it most, are least able to pay for it. Fragmentation can hurt stations—but it's my belief that this concern is not enough to warrant the restrictions in the 2nd Report. Studies indicate that most stations—particularly network affiliates—wouldn't go under."

Novak touched on other topics, emphasizing that he wasn't giving Task Force Report conclusions—only his own. However, his conclusions were remarkably similar to those in the unpublished-but-well-leaked Report. For example, he said spectrum management should be concentrated entirely in a new Executive Branch entity; that FCC is "inhumanly starved" for funds & manpower; that permanent domestic satellite ownership setup can't be selected yet, so Comsat should manage temporary system, but "it's good to have a satellite company in competition with authorized carriers"; that "some people believe there's less need for regulation & monopoly if you allow more competition—and that's becoming more popular in academic circles"; that "if multi-channel TV becomes a reality, then maybe there's less need for govt. to worry about programs"; that "there wasn't as much dissent within the Task Force as the press has indicated—in fact there was extraordinary consensus."

Among other CATV trends last week: (1) CBS board approved acquisition of Homer Bergren's 10 west coast systems for some $17 million (Vol. 8:52 p3), which makes network 7th largest system owner in U.S. (2) House Commerce Committee hearings on CATV are delayed until early April, instead of first March week—at request of all major interests who asked for more time. (3) FCC Comrs. Cox & Johnson had rare clash in policy, in statements finally issued Feb. 17 in connection with Nov. 26 decision allowing Bell System to build leaseback system in Rome, Ga. Johnson said FCC gave Bell green light without even looking into matter, termed Bell "one of the Commission's corporate clients." In 6 single-spaced pages, Cox defended decision all the way, even got a little sharp with his philosophical buddy for the "client" crack. Johnson came back with his now-traditional dissent-to-dissent-to-dissent, politely saying he & Cox disagree.

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Boston Ch. 5 case brought rare, if not unique, petition to FCC last week from Boston Bestrs. Inc. (BBI), to which Commission ordered channel be shifted from WHDH-TV (Vol. 9:4 p1). BBI admitted it's strange to complain about details of decision giving it multi-million-dollar property, but it wants to: (1) Minimize possibility of FCC reconsideration and/or court reversal, and (2) reduce opprobrium it has gathered from broadcasters who feel that BBI's success has jeopardized their own properties. BBI asked Commission to modify decision to crack down harder on WHDH-TV principals for "false testimony," for "ex parte" efforts, for program quality less than BBI proposed, etc.—and to stress that station didn't have a conventional license up for renewal, thus differing from most other stations. BBI has offered to buy WHDH-TV equipment at present list prices, assume employment & program contracts. WHDH-TV Pres. Harold E. Clancy wrote stockholders that "we are shocked but undismayed by this development" and expect to win ultimately. He said Herald-Traveler stock drop from 70's to 40's is "overly pessimistic reaction" and he plans to increase his holdings.

Four CATV franchises, in towns totaling 165,000 population, have been added by Nation Wide Cablevision, subsidiary of housing firm Kaufman & Broad: Pomona, Monterey Park, Saratoga & Morgan Hill, Cal. Company has 40 franchises in Cal., Wash. & Ore.

"Pot Party" comments, filed with FCC by CBS through former Commission Chmn. Newton Minow, charged Chief Examiner Cunningham with scores of errors in his adverse findings (Vol. 9:2 p3), and concluded: "Sometimes investigatory journalism may arouse controversy; and some may quarrel with the judgments made in a particular case. That is a risk journalism must run if it is to fulfill its function. But it is more important that journalism be free to discharge its responsibility to the community than that it not take risks which may subject it to criticism. WBBM-TV chose to take some risks by reporting the use of marijuana by college students in the community. The station chose in good faith to do so because it was concerned about the situation and felt an obligation to alert and inform its viewers of a growing social evil. That effort is service to the public interest in the best sense."

White House aide Herbert Klein told SDX journalism fraternity last week that President Nixon "has no plans" to revamp FCC or seek congressional approval of Dept. of Communications. He also indicated—in private conversation after speech—that there are no plans to release White House Task Force Report on Communications (prepared under LBJ). "You can't get people to serve on these task forces if they know their work is going to be released," he said. (Many members of TF & its staff are known to be eager to have report published.)

March 6, 1968

MEMORANDUM FOR MR. KLEIN

Regarding the attached item in Television Digest, I thought you should know that our proposal [illegible] Rather Report should be released, probably in final form, key way. We really have no choice, given the press publicity and wide availability of basic copies.

We are now thinking here both in the NSC and with the CIA shortly after the close of the [illegible] could result through [illegible].

Robert Komer
Assistant to the President

Attachment

CT Whitehead:ad

"CATV has great promise. It should be permitted to grow. A CATV system gets more subscribers with more programs, more special services. It's unlike commercial on-air TV, which is based on mass audience & advertising. On the other hand, air TV is considered free—at least in a psychological sense. Of course, it isn't free, because we pay for the sets, for the advertising in cost of products.

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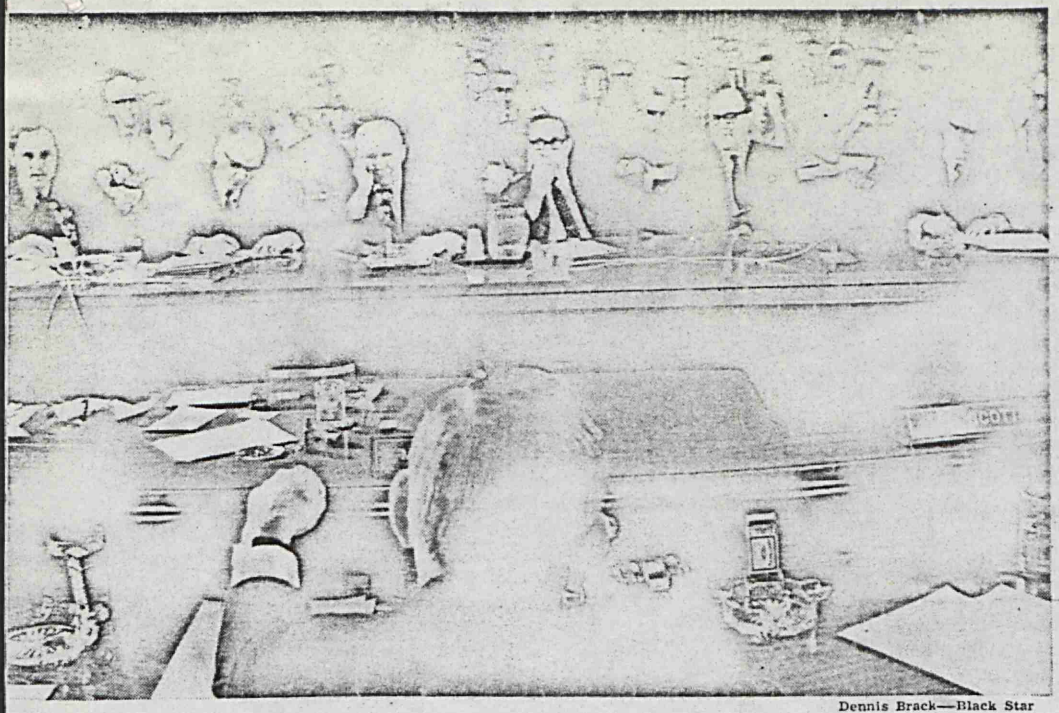


Dennis Brack—Black Star

The FCC faces Pastore: Prodding and praising the commissioners*

# The FCC Creates Some Static

Their critics mockingly nicknamed them "The Magnificent Seven," which was to imply that they bore absolutely no resemblance to those gutsy Hollywood gunslingers who overwhelmed an army of baddies in the 1956 Western. For most of its 35-year life, while a revolution in communications raged around it, the seven-member Federal Communications Commission remained largely passive. It rubber-stamped renewals for broadcasting licenses as if they were library cards, and generally avoided any shoot-outs with Congress or the broadcast industry. Indeed, as recently as last year, morale within the commission was so low that one member openly called for its abolition. "Let's burn down the old house with all its junk," he said.

Just how much that flaccid image has now changed emerges clearly from a study of the FCC—plus talks with its friends and foes—by NEWSWEEK TV editor Harry F. Waters and correspondent Robert Shogan. Waters' report:

Within six months, a handful of portentous FCC decisions and proposals has converted many of the old critics and created a vociferous band of new ones. The former now describe the FCC as "activist" and "revolutionary"; the latter hurl terms like "runaway agency" and scheme for some way to regulate the regulators. At stake are not only billions in broadcasting profits but the eventual shape of communications' global village—and who will govern it.

Most of the static emanates from FCC moves in four key and controversial areas:

■ **Cigarette Advertising.** The commission's call for a ban on cigarette commercials on radio and television can still be blocked by Congress, but insiders at the networks say the mood is to switch rather than fight. Some predict a gradual, voluntary phase-out of cigarette ads before Congress acts. "The networks know the handwriting is on the wall this time," says one executive.

■ **Cable TV.** The FCC has proposed controversial new guidelines for Community Antenna Television (CATV), the mushrooming industry that provides improved reception and additional channels to subscribers. One suggested rule—that cable operators must get permission to transmit programs originated by standard stations—has the cable men vowing to resist with every legal weapon.

■ **Pay TV.** After dallying with the issue for eighteen years, the commission last December authorized the first, nationwide pay-TV service. The go-ahead, however, is hedged with so many restrictions (for example, the service cannot telecast most sports events) that "fee vee" industry pioneers may decide to drop out of the picture. On the other hand, the authorization also riled the broadcast establishment, which views the emergence of even a limited pay-TV system as a competitive threat.

■ **Ownership.** The FCC launched a broad study of ownership patterns in the broadcasting industry. Also, its unprecedented decision to transfer the license of Boston TV station WHDH from the Herald-Traveler Corp. to a citizens' group has further alarmed the nation's broadcasters. Encouraged by the action, similar citizen bodies are challenging existing licensees in four other cities.

The Boston decision capped a twenty-year legal battle that had unique aspects, and it was only a 3-to-1 ruling with three commissioners not voting. Nevertheless, it sparked agitation in the industry, primarily because it suggested an end to the FCC's long tradition of laissez faire. Sen. John Pastore, an astute media watchdog in Congress, took note of this as well as the FCC's generally more activist posture last week when his communications subcommittee began its periodic review of FCC policies. After complimenting the agency on its "positive aggressiveness," he added: "I must say this hasn't always been the case." Then Pastore abruptly started ripping into one of his favorite villains—TV violence. If the mayhem on the tube doesn't subside, he threatened, "something drastic is going to happen."

**Struggle:** For his part, soft-spoken, 68-year-old FCC chairman Rosel H. Hyde came across more like a benign Dr. Jekyll. The violence issue, he maintained, lies outside the agency's scope since the 1934 Communications Act prohibits the FCC from censoring programing. (Undaunted, Pastore announced he would ask the U.S. Surgeon General to organize a study of the mental health of children exposed to TV violence.)

While chairman Hyde may be legally correct in his interpretation of the FCC's limitations, his stand dramatized the escalating struggle between the agency's conservative and progressive factions. As Hyde once sarcastically observed: "The law prohibits *me* from interfering with programing, even if it doesn't forbid some other commissioners." Hyde's point was underlined at last week's hearing when the newest commission member, government career man H. Rex Lee, told Pastore he would have "no reluctance to urge network officials to improve their programing."

Confusion over its role has characterized the FCC from birth. Created by Congress to issue and revoke broadcasting licenses "in the public interest," the agency possesses vast power. Today it oversees more than 7,400 radio and TV stations, whose licenses come up for renewal every three years. In practice, however, the FCC has been acutely sensitive to pressure from Congress, which appropriates its budget, and the President, who appoints its members for seven-year terms (present salary: $40,000 for the chairman, $38,000 for others).

Between 1934 and 1962, the commission revoked only nine licenses—and in no case was programing performance a factor. When the agency mildly suggested in 1945 that radio stations should initiate local discussions on public issues, the NAB president blew his fuse. FCC

*Left to right: Johnson, Cox, Hyde, Robert E. Lee, Wadsworth, H. Rex Lee. Absent: commissioner Bartley.

members," he howled, were "stooges for Communists, obfuscators, professional appeasers, guileful men and astigmatic perverts." Astigmatic or not, the agency saw well enough to back off quietly.

The payola and quiz-show scandals of the '50s suggested new definitions of where "the public interest" lay. But it is the inexorable concentration of media ownership—the passing of more power into fewer hands—that poses the most staggeringly complex questions.

Is the public being adequately served when today the only local newspaper also owns the only local TV station in 44 major markets? (Publisher-broadcasters have been known to instruct their stations to withhold news breaks until they first appear in their newspapers.) Should the new conglomerates, those huge amalgams of companies unrelated to each other, own TV and radio outlets? (The conglomerate, some say, might be tempted to use the station to promote its commercial interests.) In any event, are the members of the FCC really equipped—or even fully empowered under the law—to resolve such issues?

The commission's most outspoken activist—and chief catalyst for change—is Nicholas Johnson, a lanky, 34-year-old former law professor. Johnson has led the battle against rubber-stamping license renewals without some form of investigation, a role that makes him the industry's most visible villain. "He shoots from the hip," growled one NAB official, "and he uses a shotgun instead of a rifle."

**Key:** Johnson receives his most regular voting support from Kenneth A. Cox, a former Seattle attorney, and occasionally from Robert T. Bartley, nephew of the late Speaker Sam Rayburn. The FCC's conservatives are: chairman Hyde, whose association goes back to radio days; former FBI agent Robert E. Lee, and onetime U.N. ambassador James J. Wadsworth. Freshman member H. Rex Lee, whose allegiance is still uncertain, will thus play a key, tie-breaking role.

The domain these seven must oversee demands a technological and social awareness beyond the reach of all but the rarest of mortals. At a typical weekly meeting, the agency considers some 100 items—ranging from frequency allocations for radio to a hassle within the multi-billion-dollar common-carrier industry (interstate telephones, telegraph and space satellites).

The agency's most awesome task, of course, is tuning its antenna to what's going out over the airwaves. But with a modest $19 million budget, it must rely heavily on complaints from viewers and listeners rather than on a monitoring operation. Accordingly, commissioners like Johnson view the growing emergence of citizen watchdog groups as a happy trend. "McLuhan has made intellectuals increasingly conscious of television," he says. "The FCC is feeling the results of this rising sophistication."

In Chicago, for example, a 350-member group called the Citizens' Committee to Save WFMT is trying to block the Tribune Co. of Chicago, which already owns two newspapers, one TV station and a radio station in the city, from taking over Chicago's most highbrow radio station. "This is the greatest single concentration of media in the state and perhaps the country," charges one member. The FCC has scheduled a local public hearing for the spring to help clear the air.

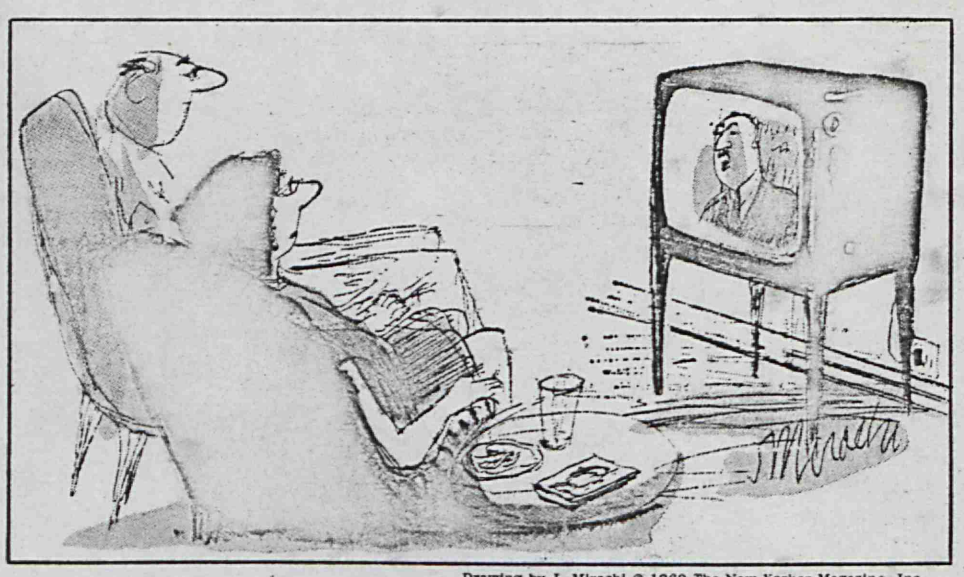
New York City may face a similar brouhaha. Last week, a citizens' group headed by cultural gadfly Thomas P.F. Hoving urged the FCC to investigate the WPIX radio and TV stations, owned by the Daily News, and The New York Times's WQXR-AM-FM, which specializes in classical music and hourly news. The group charged that news and public-affairs performance of the News stations falls woefully below that of its local competitors—while WQXR is a "publicity gimmick" for the Times.

The Times withheld comment, but WPIX vice president Leavitt Pope struck back. "We program only what the majority of the public wants to see," he said, adding a classic broadcaster's argument: "The American people don't need the FCC to give them a voice in program selection. They already have a tremendous voice by simply switching the dial."

**Brisk:** Be that as it may, more and more groups are carrying their protest to its natural conclusion by applying to the FCC for TV licenses already held by broadcasters. Such challenges were recently filed in Salt Lake City, San Francisco, Boston and Los Angeles, where the license of NBC's outlet is under siege from a group that includes a dentist, a psychiatrist and the owner of a chain of women's stores. Although they may appear quixotic, such campaigns are almost certain to proliferate now that the FCC seems to have opened the door with its WHDH ruling. Predicts one New York communications lawyer: "The challenging of existing licensees will become so brisk lawyers will be tripping over each other to handle the business."

Even reformers like Senator Pastore consider this a bit too much. "You don't serve the public by putting licenses on the griddle every three years," he snapped during last week's hearings, "but by encouraging those who are in the business to do their job right."

**Teeth:** Many think the solution to all the FCC's problems lies in the creation of an entirely new department of communications, with Cabinet-level authority and staff. Others would strip the agency of its regulatory teeth; a still unreleased report by the President's Task Force on Telecommunications recommends that the FCC's key functions be absorbed by another government body, leaving the commission with paper-shuffling duties.



Drawing by J. Mirachi © 1969 The New Yorker Magazine, Inc.

**'But first this message. Any and all acts of violence in the following program are not to be construed as an advocacy of violence by this station.'**

The first hint on how the Nixon Administration feels may come this June when chairman Hyde is expected to retire. A possible successor: 54-year-old Robert Button, a former NBC executive who once headed the Voice of America and now is a director of the Communications Satellite Corp.

In the meantime, the statisticians and social scientists continue to chart the escalating impact of TV with unsettling results. The TV set now glows in the average home some five hours and 45 minutes each day. By the age of 65, the average male will have watched TV for roughly nine full years of his life. One study found that 55 per cent of U.S. families have changed their eating schedules because of TV, and 60 per cent have adjusted their sleep patterns. Obviously, this impact is worth taking seriously. And while only zealots would have the FCC play Big Brother, the agency's apparent awakening may do broadcasters the favor of putting them on their best behavior.

Telecommunications

2/24/69

Checked with Alice Perry in Butterfield's office. Ext. 2750

Mr. Elmer Juanich is with the President; they are to leave a note for him when he returns from Europe.

3/5/69

Called Mr. Juanich; he indicates that Mr. Haldeman wants to keep a copy of the report; therefore they don't want to return the copy they have.

Mr. Ellsworth wants to send a copy to someone; have requested another copy from Morrill's office; she will check with Mr. Morrill and see if they have any other copies available.

Received a copy from Morrill's office and given to Mr. Ellsworth for his transmission to his friend. Advised Mr. Juanich he could keep the copy he has.

Cy. returned
5/26/69

Monday 2/17/69

11:30 Elmer Juanich has the original of the Rostow report back from the President -- he will hold it on his desk -- but would like to have a replacement for it before he lets it go.

2/17
Original returned — cy sent to Mr. Juanich

Communications

5/28/69

To: Ken Cole

From: Tom Whitehead

Attached is a copy of the Final Report of the President's Task Force on Communications Policy.

CTWhitehead:ed

Telecommunications
Personnel

Wednesday 5/28/69

3:05 Don Gessaman called to see if we had everything we needed. I thanked him for all of his help.

Wondered if you were still seeing communications people. Said he ran into a fellow with the Lincoln Laboratories in Bedford, Massachusetts, head of the Communications Division. Seems to know a lot of the technical aspects of satellites.

Gessaman thought you might find it interesting to talk with him ----- Paul Rosen.

Telecommunications

Wednesday 5/28/69

4:55 Bob Guthrie said that NAB and NCTA have reached a decision on Cable matter and it is being circulated.

Thought you would want to know -- if you didn't already.

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

OFFICE OF THE DIRECTOR

May 28, 1969

MEMORANDUM FOR THE DIRECTOR:

In accordance with our current procedure, I am pleased to transmit this report of the significant activities of this office for the period ending May 27.

J. D. O'Connell

Enclosure

May 27, 1969

WEEKLY ACTIVITY REPORT NO. 67

## FREQUENCY MANAGEMENT

### *1. Air Force Alerting Concept

On May 22 OTM representatives were briefed by Air Force personnel on a new concept for certain air defense alerting functions. Guidance was given on necessary Air Force action to obtain required radio frequency support for this concept -- staffing through JCS and DOD, onward to OTM, and ultimately coordination with the Federal Communications Commission.

### *2. Interference Measurements

In anticipation of favorable consideration by the Congressional Subcommittees currently considering the OEP supplemental request of $777,000 for interference measurements in connection with satellite-communications, a meeting was held on May 22 with NASA representatives to outline the actions necessary to ensure program implementation immediately upon receipt of funding support. NASA is continuing an extensive effort by their Electronics Research Center, Boston, on this item and a good state of readiness is predicted.

### *3. National Academy of Engineering Meeting

On May 26 the DTM and certain staff members participated in a meeting of the Committee on Telecommunications of the National Academy of Engineering. This Committee has been assisting the DTM during the past year in the development of policy issues bearing on telecommunications. At the meeting discussion was held on:

a) proposed future establishment of an Institute for Telecommunications Policy Research;

b) a proposal for additional contractual effort by NAE during FY 1970; and

c) NAE current efforts on behalf of OTM, i.e., Economic and Social Value of the Radio Spectrum and the contributions which telecommunications can make to the treatment of urban problems.

4. Meeting of Interdepartment Radio Advisory Committee

On May 27 the 967th meeting of the Interdepartment Radio Advisory Committee was held under OTM chairmanship. Items of significance were:

a) A briefing by NASA on the objectives of Application Technology Satellites (ATS-F&G).

b) Air Force request for temporary exemption of certain technical standards with respect to remote DEW Line stations.

c) Continued consideration of the preliminary views of the U. S. with respect to the forthcoming Space World Administrative Radio Conference.

d) Development of a recommended program of international consultation in preparation for the aforementioned WARC.

e) Radio frequency accommodations for broadcasting satellites.

f) Proposed frequency accommodation for Collision Avoidance System and satellite to aeronautical and maritime radio services.

g) Consideration of joint military proposal with respect to the reaccommodation of VHF telemetering operations.

* 5. Regulation on Government Funded Studies

On May 22 the DTM issued a notice to all Government agencies to ensure that the availability of radio spectrum resources is taken into account whenever the use of radio frequencies is foreseen as a result of Government-funded studies by non-Government interests. The need had been highlighted in several recent instances in which the FCC had been faced with difficult decisions due to licensing requests from civilian interests wherein proposals to use communication-electronic equipment had been made as a direct result of studies funded by grants from departments of the Federal Government.

6. Propagation Models Obtained from ECAC

On May 22, OTM representatives arranged with the DOD Electromagnetic Compatibility Analysis Center (ECAC), Annapolis, to obtain two VHF/UHF propagation models which will be further developed to analyze the compatibility of Government land mobile systems. In the continuing development of the OTM ADP capability, existing Government models are being used to the extent possible. This is the first use of ECAC models.

* 7. Assistance to AEC

On May 23, the Atomic Energy Commission submitted the first of a series of frequency assignment applications for satisfaction of a major communication requirement involving nuclear underground testing in the Aleutian Islands. The search for suitable frequencies for this requirement, which was particularly difficult because of spectrum congestion, was facilitated by high level OTM staff intervention with FCC on behalf of AEC.

## NATIONAL TELECOMMUNICATIONS

* 1. Emergency Communications Costs

In response to an inquiry from OEP, OTM provided information concerning costs which could be attributed to emergency type communications.

* 2. Mobile Command Post

On May 20 staff members of OTM were briefed by National Military Command System personnel on current planning for mobile command posts.

3. Interdependence of Computers and Communications

Two representatives of OTM attended a meeting on May 20 of the Ad Hoc Committee on Communications Interface established by the Electronics Industries Association. The committee, meeting now for over a year, was originally formed to develop recommendations to the FCC in connection with FCC Docket 16979, "The Interdependence of Computers and Communications." During this meeting it was revealed that because of its broad and continuous impact across the field of communications the computer-communications problems are significant enough to require the full attention of a regular part of the EIA. It was not determined at this meeting what organizational form would be best but the concept is consistent with conclusions that have been reached within the OTM concerning the significance of the computer-communications interface.

4. Law Enforcement Communications

OTM representatives met with staff members of the Law Enforcement Assistance Administration to discuss communications of interest to the OLEAA. Arrangements were made for OTM to obtain and forward to OLEAA copies of the study "Public Safety Radio Spectrum Requirements" by Kelly Scientific Corporation.

## TELECOMMUNICATIONS EMERGENCY PREPAREDNESS

### *1. Telecommunications Support Within OEP

On May 21 the DTM provided information to the Director, OEP, on the interrelationships which have existed between OTM and other elements of OEP with respect to civil emergency planning on a routine, continuing basis and activities during emergency situations. In addition, the DTM was asked by memorandum from the Director, OEP, to comment on potential additional activities which might be undertaken. This information was provided on an interim basis by memorandum of May 21 and was the subject of another DTM memorandum dated May 27.

### *2. Emergency Preparedness Briefing to Lieutenant General Grant, USAF, (ret.)

On May 27 the DTM briefed Lt. Gen. Harold Grant, Director of Telecommunications Policy, Office of Assistant Secretary of Defense (Installations and Logistics), on the duties of his contingency assignment to the National Office of Telecommunications. General Lincoln, Director, OEP, was also in attendance.

### * 3. Telecommunications Management Analysis

On May 21 OTM completed a draft report on telecommunications management by the Board of War Communications during the period September 1940 through February 1947. This is a factual report of organizational interrelationships and functions surrounding World War II exercise of the authority contained in Subsections 606(a), (c), and (d) of the Communications Act of 1934, as amended.

### * 4. Industry Liaison

On May 20 OTM staff members met with representatives of the Bell System, the United States Independent Telephone Association, and the General Telephone and Electronics Corporation for a discussion of telecommunications developments in the various States. Information received indicates that a number of States are considering studying the feasibility of developing statewide, all-purpose systems under management of single coordinators. However, it was also indicated that a large number of States are developing dedicated systems in support of single functions. Most of the latter are being procured as State owned, operated and maintained systems.

*5. Coordination With Office of Intergovernmental Relations

On May 22 Mr. Robert P. Janes, Assistant Director, Office of Intergovernmental Relations, asked OTM to provide a conference room and an assistant chairman for a Federal-State telecommunications meeting at 9 a.m. on June 10, 1969. The meeting is intended as a forum for State telecommunication officials from the Rocky Mountain States to discuss their telecommunication needs and programs with cognizant Federal Government officials. The meeting will be chaired by Dr. William Rapp of the Federation of Rocky Mountain States. Attendance is expected to include: Dr. Rapp; Mr. Lathey (OTM); representatives from the States of Arizona, Colorado, Idaho, Montana, New Mexico, Utah, and Wyoming; and representatives from the Office of Intergovernmental Relations, the Advisory Commission on Intergovernmental Relations, General Services Administration, Federal Communications Commission, OLEAA and FBI in the Department of Justice, the Office of Civil Defense (DOD), Office of Emergency Preparedness (OEP), Bureau of Public Roads and Department of Transportation, Department of Commerce and ESSA, the Office of Education and National Institutes of Mental Health (DHEW), and the Department of the Interior.

## EMERGENCY PREPAREDNESS PLANNING

* 1. NATO Civil Communications

An OTM representative attended the recent CIVLOG 69 exercise as an observer for the Civil Communications Planning Committee (CCPC). A communications report on the exercise has been completed and forwarded to the CCPC via the State Department. The report contains three recommendations for changes in message handling procedures and data collection.

## SATELLITE COMMUNICATIONS

1. Interference By Communication Satellites

A member of OTM has been serving as an impartial Chairman of a Working Party of the International Radio Consultative Committee (comprising satellite and radio-relay system interests) that is considering a recommendation to increase the power that may be radiated by communications satellites without causing harmful interference to terrestrial users.

The conclusions of this Working Party will shortly be presented to a full meeting of CCIR Study Groups IV/IX (space and terrestrial services) also chaired by an OTM staff member.

Such recommendations proposed by the U. S. eventually help to form the technical policy of U. S. in the international forum of the CCIR.

* Items considered of special interest to the Director, OEP

→ MR. WHITEHEAD

DEPARTMENT OF STATE

Washington, D.C. 20520

6/2/65

Tom:

Many thanks!

— Abbott

THE WHITE HOUSE

WASHINGTON

May 27, 1969

Dear Abbott:

Enclosed is a check for $35.00 to reimburse you for expenses incurred at the meeting on March 26th with members of the broadcast industry.

I want to take this opportunity to thank you for arranging the meeting. I found it a very useful way of getting to know the people and how they see some of the issues.

Sincerely,

Clay T. Whitehead
Staff Assistant

Enclosure

Mr. Abbott Washburn
INTELSAT Suite
Room 1417 State Department
Washington, D. C.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

CHRON

SUBJECT Telecommunications

February 24, 1969

FOR: Kenneth BeLieu

FROM: Tom Whitehead Signed

Bob Ellsworth asked me to look into the Alaskan satellite earth station question referred to us by Senator Ted Stevens.

I have checked with FCC and find that they are basically sympathetic to the idea of an earth station rather than forced sale of the ACS, but they are waiting to get a unified position from the state (i.e., the Governor, the two Senators, and the Representative).

cc: Mr. Ellsworth
Mr. Hofgren
Mr. Whitehead
Mr. Rose

CTWhitehead:ed

OTW

FEB 26 1969

Can you look into this?

February 19, 1969

Dear Ted:

Bryce has asked me to thank you for your note and the copy of your letter to Chairman Hyde concerning the construction of a satellite earth station in Alaska.

We understand your position and assure you that your request is receiving most careful consideration.

With warm regard,

Sincerely,

Ken

Kenneth E. BeLieu
Deputy Assistant to the President

Honorable Ted Stevens
United States Senate
Washington, D. C. 20515

bcc with incoming for information to:
Bob Ellsworth

KEB:EF:ef

TED STEVENS
ALASKA

# United States Senate

WASHINGTON, D.C. 20510

Appd 2/7

February 4, 1969

BH/s
4

Hon. Rosel H. Hyde
Chairman
Federal Communications Commission
Washington, D. C.

Dear Mr. Chairman:

This letter is in reference to the application of the Communications Satellite Corporation for authority to construct a satellite earth station in Alaska, FCC File No. 65-CSG-P-69.

I support this application. I urge early approval, before March 1 if possible, so that construction of the ground station may proceed this year. Delay on approval much beyond March 1 might well cause a years delay in actual construction. This must be avoided.

The application has received the endorsement of the State of Alaska, the Alaska Business Council, RCA and Western Union.

The Defense Department in its letter of January 29, 1969, has suggested that the Commission "defer final action" on the ground station application until "the purchaser or purchasers of the ACS have been identified and can make their views known to the Commission." This I reject, and strongly.

1. The Department is not "committed by Congress to sell" ACS. It is authorized by Congress to sell the system consonant with the public interest.

2. There is no guarantee whatever that the system will be sold in the near future.

Bryce I need help on this I can't support and I do so when they block my State from 20th century communications! Ted

COPY

3. To the best of my knowledge, as of today with less than a month to go, no major telephone company has yet decided to submit a bid on ACS as the package is being offered.

This indicates clearly to me that it would be folly to delay approval of Communications Satellite's application to build a ground station in Alaska because purchasers yet unknown might wish to "make their views known to the Commission."

Alaska needs a ground station and it needs it now. A ground station operating in conjunction with the new 1200 circuit Pacific Satellite would mean live television capability for Alaska. In conjunction with a domestic satellite system it would mean participation in the proposed nationwide educational television network. It could well mean the beginning of an Alaska-wide pilot project bringing educational and entertainment programs not only to the cities but also to the rural areas of our state.

Alaska was the only state in the union which did not see the inauguration of President Nixon, the funeral of Senator Kennedy, or the Olympics on live television. Alaska's communications link with the rest of the United States is antiquated, overworked and expensive. If the Commission fails to act now on the ground station application but chooses to wait for what may be years of negotiations with potential ACS buyers, the people and the business of Alaska can only suffer.

In closing let me add that I cannot in good conscience support foreign aid used for educational satellite projects in India while the Defense Department of my own government places obstacles to the development of a similar system in Alaska. Alaska's rural citizens need help fully as much as do the citizens of India.

Sincerely yours,

TED STEVENS, U.S.S.

9 W
2/25

THE WHITE HOUSE
WASHINGTON

To: T. Whitehead

FYI

From: M. Anderson

2/25/69

Rcvd – Feb 24, 1969

February 20, 1969

To: Martin Anderson

Fr: Tom Cole

In accordance with your request of February 18, I attended a meeting of the Communications Committee of the Lawyers Association. As you know, Mr. Novak was the guest speaker.

Mr. Novak would not discuss the report itself, nor would he respond, except in a very general way, to questions relating to it.

Novak said he understood the report was being carefully evaluated by members of the new Administration, and that any release of the report, or no release of it at all, was up to the Administration.

Novak appeared most knowledgable on this subject matter, said generally, that the bureaucracy of the 30's would not serve fast arriving communications field, said that there must of course be government involvement, but that private enterprise must continue to play the dominant part in this field.

He said better coordination between NASA and DOD was needed in relation to their respective involvement in communications matters.

Novak's primary point seemed to be that government can't say we're going to leave the field alone, that such inactivity itself would be a major decision, that ~~we~~ GOVT must view matters in a long range context.

He did say less government regulation was becoming more popular in academic circles, that the FCC needs more

staff and resources.

Subsequent to this meeting Mr. Button came by to see me. He said he would be glad to help and advise at any time.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 20, 1969

FOR: The Files

FROM: Tom Whitehead

Talked with Chester Wiggin (Administrative Assistant to Senator Cotton). He indicates they are disorganized over there and will be back in touch on the Telecommunications and their subcommittee hearings at a later time. 225-3324

February 20, 1969

FOR: The Files

FROM: Tom Whitehead

Talked with Chester Wiggin (Administrative Assistant to Senator Cotton). He indicates they are disorganized over there and will be back in touch on the Telecommunications and their subcommittee hearings at a later time. 225-3324

3rd 2/19

Telecommunications

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION
1707 L STREET, N. W. · WASHINGTON, D. C. 20036

JOHN F. RYAN
DEPUTY DIRECTOR
WASHINGTON RELATIONS

February 18, 1969

Dear Mr. Whitehead:

Recognizing that these are hectic times, I want to thank you for the opportunity for us to get together yesterday afternoon.

As I mentioned, we are quite interested in the disposition of the report of the President's Task Force on Communications Policy. Our prime concern results from the fact that while we, as well as many other entities concerned, had frequent contact with the Task Force staff during the early phase of their study, we were not involved to any significant extent during the final stages of their activity and were not invited to comment on their final conclusions. As you know, the report has not been released. The only detailed information available is that which has appeared in newspapers and several trade journals.

I hope that you will feel free to call upon me as I believe a continuing dialogue will be mutually beneficial.

Thanks again for squeezing me into your busy afternoon. I will be looking forward to hearing from you.

Sincerely,

John Ryan

Mr. Clay T. Whitehead
Staff Assistant
The White House

THE WHITE HOUSE

WASHINGTON

Bill Morrill:

How does this look for a stock reply on BOB letterhead?

This is for the "backlog" of letters Lyons says exist. Letters to the new Administration would be answered again individually.

Back—

TW said to hold pending Heisaman's draft.

sent back to Heisaman to do this for BOB signature

Mon. Feb 17, 1969

Dr Whitehead:

You said you wanted a form letter to be released by B of B in reply to requests for copies of the Report. Does this fill the bill?

N.H. Lyons.

DRAFT

Dear _____

The report of the President's Task Force on Communications Policy was submitted to the White House last December, and was not released by the former Administration, ~~and is presently under review.~~

~~When it is released it will be available through the Government Printing Office.~~

The Report covers a wide range of telecommunications policy issues, & is currently being reviewed. & We expect a decision to be reached soon on its release.

Monday 2/17/69

11:00 Dr. Lyons indicated that you were a little concerned about too much public information that you were handling the Telecommunications matter.

He indicates that in the public transcript of testimony before the FCC on February 3, Harold Barnett (who used to be a consultant for the Task Force staff and who now is an economic counsellor for the Cable TV people) indicated that the matter was on your desk.

Dr. Lyons will try to secure a copy of that portion of the transcript and send it over.

NCTA -- National Cable Television Association

FEB 18 1969

February 17, 1969

MEMORANDUM FOR

Honorable Maurice H. Stans
Secretary of Commerce

I have requested a detailed assessment of the Task Force Report on Communications Policy, taking into consideration the recently completed study of the Federal Communications Organization, with a view toward preparation of legislative proposals or reorganization plans for the management and administration of communications matters within the Executive Branch. Until this assessment has been completed, the action proposed in your memo of February 3, would be premature.

My staff will, of course, consult with the Commerce Department during our review. I appreciate your views and expect to discuss this matter with you after I have had an opportunity to consider the results of the current review.

RMN:LAD:RCD:of
Feb 7, 1969

President's Files
White House Central Files (2)
Dr. DuB ridge's Chron
OST Files, Chron
Drew Files, Chron

cc:Robert Ellsworth

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.

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

Maurice H. Stans

5W
2/19

Telecommunications

FEB 19 1969

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

February 17, 1969

MEMORANDUM FOR HONORABLE ROBERT ELLSWORTH

Subject: Telecommunications Policy
INTELSAT Conference

Paul McCracken has asked me to inform you that Mr. Thomas G. Moore will replace Mr. David Ott as the representative of the Council of Economic Advisers at future meetings on Telecommunications Policy. Please send all material for these meetings directly to Mr. Moore at Room 325, Executive Office Building.

H S Houthakker

Hendrik S. Houthakker

Eva - please note

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 15, 1969

MEMORANDUM FOR MR. ELLSWORTH

I think I have about tracked down the full story on how the transition of the Rostow Report was handled.

Abbott Washburn's memorandum of February 13 is only approximately accurate. In particular, the original of the report was not taken to Texas or left in the White House. It was forwarded to the Budget Bureau with a memorandum from DeVier Pierson requesting a rather innocuous review for possible action. It is pretty clear that Chapter 7 on broadcasting was what kept the President from approving the report. Johnson's views are expressed in a memorandum from Budget Director Zwick to Rostow, of which we have a copy.

While it is true that we were not given a copy of the report itself during the transition period, it should be noted that DeVier Pierson wrote the Budget Bureau asking them to find the most convenient way to make available to the President-elect the conclusions of the report. This was done as well as could be, given the unfinished nature of the report, and summarized in a BOB transition paper which was made available to the Nixon representative, Frank Lincoln. However, Lincoln actually picked up only two or three of the many transition papers, and, in spite of occasional agitation by me and Alan Greenspan, these were not collected systematically until mid-December when Alan came down as representative to the Budget Bureau. We had the knowledge that this transition paper existed because I had an off-the-record list of transition paper titles. However, all the transition papers were funneled through Dr. Burns' operation and they refused on grounds of extreme sensitivity to give them out to anyone.

One final note, it is interesting to note that the Rostow Task Force had to stretch its mandate to include the chapter on TV broadcasting in the Task Force effort, and that this is precisely the Chapter that Johnson most vigorously objected to.

Clay T. Whitehead
Staff Assistant

cc: Mr. Hofgren

For

Mr. Ellsworth

Key points underlined. Zwick reported informally not to have felt this way personally.

Tom

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

OFFICE OF
THE DIRECTOR

December 4, 1968

MEMORANDUM FOR UNDER SECRETARY ROSTOW

Subject: Telecommunications Task Force Report

You have asked for my comments on the final draft report of the Telecommunications Task Force. I find it difficult to form a judgment about the report without an opportunity to hear first hand and understand the position of the other Task Force principals. My basic concern is that the important ground-breaking work of the Task Force be effectively exploited. My comments below are made with this standard in mind.

The report has inevitably provoked controversy. This was to be expected. If properly documented, disagreements among Task Force members can contribute to the value of a report. But it is als true that a report can lose its effectiveness as a mover of public policy if enough issues remain contested among the Task Force members. As a general principle, we should avoid controversy not essential to the basic assignment of the Task Force.

In the case of this report, disagreement extends to the basic assignment of the Task Force. From my discussions with individuals involved in drafting the original charter for the Task Force, it is clear that they did not anticipate as wide an inquiry as has eventually come about. The original intent that led to the Task Force is certainly ambiguous, at best.

Given the disagreement as to the relevance and substance of the two chapters entitled "Domestic Common Carrier" and "Future Opportunities for Television", I have serious question as to their net contribution to the report. If this peripheral controversy detracts from or discredits other parts

of the report, it will be, indeed, unfortunate. As Chairman of the Task Force, however, you, in the end, must make a judgment as to the net contribution of these two chapters.

In reaching this decision, I would counsel you to ignore two issues which are, I believe, unimportant. The first is that the work is done and therefore should be included. To repeat, the overriding criterion in judging the content of the report is whether or not specific material contributes to the effectiveness of the overall report.

Second, I reject the spurious argument that we must include all material for fear that taking it out will create speculation as to why it was removed. Our criterion should be an effective report, not extraneous concern for public speculation about the contents of the report. I recognize that the effectiveness of the report is also related to speculation about material that did not get in, as well as included material.

You have asked for my specific recommendation on these chapters. Absent a final meeting of the Task Force principals, in which individuals can state their unambiguous positions, I must base my judgment on various reports and discussions. This is unfortunate because there are widely conflicting statements in existence about individual viewpoints. But, based on the information now available to me, I conclude that there is significant concern about the relevancy and quality of these two chapters. I have no recourse but to assume that the overall report will be a less effective document with the chapters in than with the chapters out.

I continue to think a final meeting of the principals would be useful.

Charles J. Zwick

Charles J. Zwick
Director

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

# *Memorandum*

TO : Mr. Whitehead DATE: February 14, 1969

FROM : Lyons L

SUBJECT: Dessent of James D. O'Connell, Vice Chairman of the President's Task Force on Communications Policy, to the Report

General O'Connell's dissent has two facets: 1) his objection to specific proposals within particular chapters; and 2) disagreement with two general themes which he finds "through most of the Report."

INTERNATIONAL INDUSTRY:

He agrees with the proposed formation of a single entity for U.S. international transmission (Chapter II), BUT concludes, "conditions ... imposed ... are so restrictive as to make the objectives ... impracticable of attainment." The conditions he rejects are: 1) free lease of channels; 2) prohibition of vertical integration; 3) restriction to international service only; and 4) government usurping managerial prerogatives.

DOMESTIC COMMON CARRIER:

The recommendation for freer entry into supplemental services of the domestic carrier industry, (Chapter VI), he regards as a serious threat to the integrity of the switched public message network. It should be noted that when his arguments for national security, set forth in Appendix D, were presented to a meeting several months ago, the Department of Defense representative seemed not to share his concern. This chapter should have been omitted, General O'Connell thinks.

TELEVISION:

The future opportunities for television, (Chapter VII), he would leave to the FCC - "it is not relevant to the President's Message and we can establish no satisfactory case for its inclusion."

5010-108

*Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan*

DOMESTIC SATELLITE:

He supports the pilot domestic satellite program (Chapter V), but opts for "a suitable arrangement with INTELSAT," seeing no legal, economic or policy difficulties in such an admixture of domestic and international communications.

FEDERAL ROLES:

A new federal telecommunications capability (Chapter IX) is neither needed nor desired. "Provided with the essential resources, the Executive Branch and the FCC can initiate the necessary improvements expeditiously and at modest cost." Such a new capability would be justified only if needed to obtain "necessary resources."

The two general themes in the Report with which he takes exception are cited as "the need for more competition," and "the need for greater innovation."

COMPETITION:

The "promise and the prospects of competitive benefits," in the telecommunication industry are ephemeral and should be "critically examined." He speaks of "a long history of adverse effects upon the public interest," of competition in the telephone industry at the local level, and recounts that history in his Appendix A. Alternatively, "We would like to express confidence in the regulatory process ... In our judgment the results to be obtained by a well reasoned and informed regulatory process are more likely to achieve innovation and progress than ad hoc experiments with contrived competition." Government regulation in its area of competence should be strengthened.

INNOVATION:

There is nothing wrong with the present pace of innovation, and "we maintain that no case for lack of innovation in telecommunications has been made in the Task Force Report." He takes the occasion to put in a plug for industrial vertical integration, feeling the Task Force had not dealt with it adequately. While it is not required in satellite communications, vertical integration has been a "major factor in the success, rapid progress, and low cost of telephone service in this country."

THE WHITE HOUSE
WASHINGTON

2/14/69

Jeanette:

Tom says there's more to this story and he'll develop it as he can.

Eva

Telecommunications

February 13, 1969

MEMORANDUM FOR MR. ELLSWORTH

You asked me to verify that the Rostow Report was never officially turned over to the Nixon Administration by the outgoing Administration.

I have double-checked on the following:

During January, prior to the Inauguration, Henry Loomis, who was the executive director of the Task Forces, asked Mr. Franklin Lincoln's office to try to obtain the Report through official channels. Bill Harmon, Frank Lincoln's deputy, officially requested the Report of Charles Murphy, President Johnson's transition officer. Mr. Murphy responded in the negative. "I talked with him two or three times," Bill says, "and his reasons for turning us down were that the President had not had time to evaluate the Report, that he had turned it over to the Bureau of the Budget for their opinion first, etc." Bill says that LBJ ultimately shipped it off to Texas, considering it his own property.

We know that Eugene Rostow delivered the Report to the President on December 8, 1968. It is rumored that LBJ later told Rostow he would be willing to release it publicly if Chapter 7 were eliminated. This is the Chapter on broadcasting.* Rostow is said to have refused to cut out the Chapter on grounds that it would not be intellectually honest. Accordingly, Johnson sat on the Report.

Tom Whitehead was informed that a copy had been left in the White House for the new Administration. But no one has yet been able to find it. He is working with a copy furnished him by the Budget Bureau. Bill Harmon says he is certain that no copy was left in the White House--that Charlie Murphy was emphatic in his refusal.

A.W.

--Abbott Washburn

* It strongly urges expansion of cable TV, a possible threat to the Johnson family TV interests in Texas.

Hon. Robert Ellsworth
Assistant to the President
The White House
Washington, D. C. 20500

→ COPY FOR MR. WHITEHEAD

February 12, 1969

MEMORANDUM FOR THE PRESIDENT

The attached memorandum for the Secretary of State is forwarded for your signature.

Mr. Abbott Washburn is being added to the U. S. Delegation because of his past experience and his loyalty to the Administration. All other members of the Delegation are holdovers from the previous administration.

Signed

Robert Ellsworth
Assistant to the President

Attachment

cc: Mr. Ellsworth
Mr. Hofgren
Mr. Whitehead

CTWhitehead:ed

MEMORANDUM FOR

THE SECRETARY OF STATE

I request that you take the necessary action to appoint Mr. Abbott Washburn to the U. S. Delegation to the Conference on Definitive Arrangements for the International Telecommunications Satellite Consortium.

Mr. Washburn's address is 4622 Broad Branch Road, N. W., Washington, D. C. 20008.

cc: Mr. Ellsworth
Mr. Hofgren
Mr. Whitehead

CTWhitehead:ed

MEMORANDUM

FEB 13 1969

THE WHITE HOUSE

WASHINGTON

FEB 12 1969

February 11, 1969

Bill -
let Bob Ellsworth know -
BH

C.T.W.

TO: Robert Ellsworth

THRU: Bryce N. Harlow

FROM: Bill Timmons BT

SUBJECT: Telcomm Hearings

Rep. Bill Springer is out of town this week and I talked with Lew Berry, Minority-House Interstate & Foreign Commerce Committee, regarding hearings that may be held to consider Telcomm and recommendations of special Rostow report.

Mr. Berry contacted Bob Gutherie, majority staff member, and reported back that there are no plans for hearings on this issue. Expect to take up CATV and a domestic satellite program next month. Gutherie admits he has been calling the Bureau of Budget for Rostow Report and reaffirming committee's interest in recommendations. Apparently, Gutherie does not have a copy of papers. Bob & Lew feel committee will not act until Administration's recommendations are transmitted. Even then, Berry says Mr. Springer can delay hearings. Lew promised to keep his ear to ground and us posted on developments.

INTELSAT

THE WHITE HOUSE

WASHINGTON

FEB 12 1969

February 11, 1969

MEMORANDUM FOR

Mr. Robert Ellsworth
Assistant to the President

SUBJECT: Telecommunications Policy

I have assigned Dr. Russell C. Drew of my staff to work with your office on a review of both the Rostow Report on Telecommunications Policy and the INTELSAT material per your separate memoranda on these subjects of February 7, 1969.

I will, of course, be available should you wish to consult with me personally on telecommunications matters.

Lee A. DuBridge
Science Adviser

Telecommunications

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 11, 1969

FOR: The Files

FROM: Tom Whitehead

Phil McGance of Senator Randolph's office called to inquire about the release of the Task Force and in particular cable TV section.

Mentioned that the House is anticipating hearings by Staggers Cmte. next month.

Telecommunications

Tuesday 2/11/69

2:55 Bill Morrill wanted you to know that in your discussions about S. 71, re changing the COMSAT Board of Directors, it has passed the Senat e, but not the House.
He had told you incorrectly earlier.

I gave him the names of those who will attend the meeting tomorrow at 10 a.m. -- Russell Drew, Fred Bergsten, and David Ott -- and asked him to have copies available for the others of the Bureau Reorganization Study and Morrill's summary of the Rostow Report and recommendations.

Telecommunications

FOR IMMEDIATE RELEASE FEBRUARY 11, 1969

Office of the White House Press Secretary

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THE WHITE HOUSE

The President today announced he intends to nominate James D. O'Connell as assistant director of the Office of Emergency Preparedness.

Mr. O'Connell also will serve as Special Assistant to the President for Telecommunications and director of the Office of Telecommunications Management in the Office of Emergency Preparedness.

Mr. O'Connell, who retired in 1959 as Chief Signal Officer of the U.S. Army, has held these posts since May 27, 1964.

Mr. O'Connell's duties include formulating the nation's over-all policy and standards for telecommunications, in which the government invests an estimated $12 billion annually. He also manages that portion of the radio frequency spectrum assigned to the federal government. In the Office of Emergency Preparedness, the nation's top nonmilitary war plans agency, he is charged with ensuring the emergency readiness of the national telecommunications network.

Mr. O'Connell, the only Army Signal Corps officer to attain the rank of lieutenant general, is a 1922 graduate of West Point and earned a Master of Science degree from Yale in 1930. He also attended the University of Chicago and pursued advanced graduate studies at Northwestern University.

Born in Chicago September 25, 1899, Mr. O'Connell has spent his entire professional career in the communications field. Following his armed forces career, during which he earned a Distinguished Service Medal for wartime service in North Africa and Europe, he became a communications consultant to a number of concerns: Page Communications Engineers; Data Dynamics; Northrop, Inc.; Stanford Research Institute; Granger Associates.

He was vice president of General Telephone and Electronics Laboratories from 1959 to 1962. From his army retirement until 1964 he served as member and then chairman of the Joint Technical Advisory Commission, ad hoc Subcommittee on Space Communications.

Recently he has assisted the State Department in preparing for an international conference to establish definitive arrangements for an international satellite consortium. He also is an alternate delegate to the conference, to be held in Washington later this year.

He is married to the former Helen Frampton of St. Louis. He has two children: Sally is a research associate with the Planning Research Corporation; Peter is an attorney in Washington, D.C.

# # #

Telecommunications

inet
2/6/69

February 10, 1969

Mr. William Duke
Executive Assistant to
Senator Jacob K. Javits
Room 320 Old Senate Office Building
Washington, D. C. 20510

Dear Bill:

I want to thank you for setting up the meeting with Nick Zapple and to let you know that I enjoyed the opportunity to talk with you.

I am trying to track down what is going on in the urban communications area and would like to investigate what we might do to tie some project there with a domestic satellite pilot project. If you have read the Rostow proposals in that area, I would appreciate your thoughts on how we might marry the two, or if it does indeed make sense.

Once again, thanks. Keep in touch.

Sincerely,

Signed

Clay T. Whitehead
Staff Assistant to the President

CTWhitehead:ed

FEB 10 1969

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

OFFICE OF
THE DIRECTOR

February 10, 1969

MEMORANDUM FOR MR. ROBERT ELLSWORTH

Subject: BOB representatives for Telecommunications and Intelsat

The Director has designated Mr. William Morrill of the National Security Division as the Bureau's representative on the Telecommunications and Intelsat matters. Mr. Morrill's phone is Code 103 - 4684. His office 10009 Federal Office Building.

Jim

James E. Connor
Assistant to
the Director

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 10, 1969

FOR: The Files

FROM: Tom Whitehead

SUBJECT: Call from George Eagle

Had a call from George Eagle, Cable News Magazine, who inquired about the availability of the Rostow Report. I suggested he call back at the end of the month.

FEB 10 1969

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

February 8, 1969

MEMORANDUM FOR HONORABLE ROBERT ELLSWORTH

Subject: Telecommunications Policy
INTELSAT Conference

Paul McCracken has asked me to reply to your two memorandums dated February 7 on the above subjects. The Council of Economic Advisers will be represented by Mr. David Ott, Senior Staff Economist, at the meeting on Telecommunications Policy on February 12 and on the INTELSAT Conference on February 17. Please send all material for these meetings directly to Mr. Ott at Room 328, Executive Office Building.

H. S. Houthakker

Hendrik S. Houthakker

Telec, C

February 8, 1969

Mr. Alan Novak
Room 701
1225 19th Street, N. W.
Washington, D. C. 20036

Dear Alan:

Thank you very much for taking the time to drop by yesterday. I must apologize for not having more time.

As I indicated, we want to move ahead as quickly as possible to achieve some meaningful action in the telecommunications field.

I would not want all the wisdom gleaned by the Task Force to go unused, and hope we can stay in touch.

Sincerely,

Signed

Clay T. Whitehead
Staff Assistant to the President

CTWhitehead:ed

Telecommunications

February 8, 1969

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1225 19th Street, N. W.
Washington, D. C. 20036

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Sincerely,

Signed

Clay T. Whitehead
Staff Assistant to the President

CTWhitehead:ed

Telecommunications

February 8, 1969

MEMORANDUM FOR GENERAL O'CONNELL

Subject: Telecommunications Policy

Thank you for your memorandum of February 6 and your recommended Presidential statement.

I agree that we need to calm down any agitation for early action on the Task Force Report, but I think a Presidential statement at this time would be premature.

Signed

Robert Ellsworth
Assistant to the President

cc: Mr. Hofgren
Mr. Whitehead

CTWhitehead:ed

Off of Telecommuns

February 7, 1969

FOR: Mr. Larry Higby

FROM: Tom Whitehead Signed

SUBJECT: Detail for Dr. William N. Lyons

As I mentioned in our telephone conversation, Dr. William N. Lyons of the USIA has been detailed to the State Department for some time to work on the Telecommunications Task Force. His assistance will be necessary over the next few months in our review of the Task Force Report, particularly in relating how the numerous contractor reports and staff papers support the conclusion of the final report. There are numerous volumes associated with this effort that have been shifted to the Bureau of the Budget, and we would like to have Dr. Lyons located here with these materials to assist us.

Would you please arrange to have Dr. Lyons detailed to the White House through April 30th and arrange office space for him and his collection, preferably in the EOB. Mr. William Holcombe, Chief, Domestic Service Personnel, USIA, is aware of this and you can contact him directly. Mr. Donald Gessaman of the Budget Bureau will know what has happened to the materials.

CTWhitehead:ed

February 7, 1969

MEMORANDUM FOR

THE PRESIDENT

I propose the attached reply in response to Secretary Stans' memorandum requesting assignment of increased responsibility for communications policy to the Department of Commerce. Although the recently completed Bureau of the Budget study of communications organization recommends an increased role for Commerce, I believe it would be appropriate to defer such action until the broad assessment of the recent Task Force report is complete.

This response has been coordinated with both the BoB and Mr. Ellsworth's office.

Lee A. DuBridge
Science Advisor

cc: Dr. Thomas Whitehead

MEMORANDUM FOR

Honorable Maurice H. Stans
Secretary of Commerce

I have requested a detailed assessment of the Task Force Report on Communications Policy, taking into consideration the recently completed study of the Federal Communications Organization, with a view toward preparation of legislative proposals or reorganization plans for the management and administration of communications matters within the Executive Branch. Until this assessment has been completed, the action proposed in your memo of February 3, would be premature.

My staff will, of course, consult with the Commerce Department during our review. I appreciate your views and expect to discuss this matter with you after I have had an opportunity to consider the results of the current review.

RMN: LAD:RCD:of Feb 7 1969

President's Files
White House Central Files (2)
Dr. DuBridge's Chron
OST Files, Chron
Drew Files, Chron

OFF. OF TELEC.

February 7, 1969

MEMORANDUM FOR

Honorable Lee A. DuBridge
Honorable Henry A. Kissinger
Honorable Robert Mayo
Honorable Paul McCracken

Subject: Telecommunications Policy

My office is conducting a review of the Rostow Report on Telecommunications Policy, which was submitted to President Johnson and not subsequently released by his Administration. The purpose of this review is to recommend to the President what our disposition of the Report should be and what legislative proposals should be advanced in the telecommunications field. We will consider at the same time the Budget Bureau report on Federal Organization for Communications.

Would you please identify someone from your staff to participate on this important task. The initial working group will be confined to OST, CEA, BOB, NSC and White House staff, although we will have contact as necessary with all interested agencies and departments.

I would like Mr. Clay T. Whitehead of my staff to meet with your representative and the others on Wednesday, February 12, at 10:00 a.m. He will be in touch with whomever you name to discuss the agenda and location of the meeting.

Telecommunications policy and Federal organization in that area is both important and complex. We will need to work closely and intensively to achieve the results that are needed. Please call me or Mr. Whitehead, should any problems arise.

Robert Ellsworth
Assistant to the President

cc: Dr. Burns
Tom Whitehead
Dan Hofgren
CTWhitehead:ed

Telecommunications

February 7, 1969

MEMORANDUM FOR

Honorable Lee A. DuBridge
Honorable Henry A. Kissinger
Honorable Robert Mayo
Honorable Paul McCracken

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Signed

Robert Ellsworth
Assistant to the President

cc: Dr. Burns
Tom Whitehead
Dan Hofgren
CTWhitehead:ed

FROM: DIRECTOR OF TELECOMMUNICATIONS MANAGEMENT

TO: Tom Whitehead DATE: 4/2/69

As a follow-up on my discussions with Howard Hawkins, President of RCA Global Communications, I asked Mr. Ben Oliver, Vice President of AT&T for his views on the advisability or possible effects of release of the Task Force report.

He has furnished the attached comments in writing. I thought they would be of interest to you.

J. D. O'Connell

Attachment

DECLASSIFIED
E.O. 13526, Sec. 3.3h
By nw, NARA, Date 11/24/12

CONFIDENTIAL

~~CONFIDENTIAL~~ Adm

RE-69/C-40

March 27, 1969

REASONS WHY IT WOULD BE INADVISABLE FOR THE ADMINISTRATION TO RELEASE THE ROSTOW REPORT AT THIS TIME

1. To keep the Rostow Report in its proper perspective, it is important to remember that the U.S. communications industry is financially sound, is extremely innovative technologically and is growing rapidly. This is not a "sick industry." There are very few matters relating to the communications field which can be regarded as urgent or as requiring the immediate attention of the Administration, which is faced with other problems far more pressing. The Rostow Report tends to exaggerate the urgency of the problems in the communications field. Its release would create the impression that the Administration gave some credence to the importance of these issues.

2. The Rostow Report is one of several governmental studies relating to communications matters in recent years. The Bureau of the Budget and the General Accounting Office have also prepared reports which have been officially transmitted to the appropriate government authorities. It might be noted that while the Rostow Report was prepared by a special task force of the Johnson Administration it was not released by President Johnson. It does exist, however, and various staff members of the Rostow Task Force have been urging that its contents be made public by the Nixon Administration.

3. The Administration has a responsibility to provide leadership with regard to communications but it does not follow that the most effective method of handling current problems would be to release the Rostow Report and/or the BoB and GAO reports. Rather, what is required is an effort by the Administration to initiate a careful study of these reports and a current informal review of communications matters

Adm

~~CONFIDENTIAL~~

with industry representatives, labor organizations and others directly interested in communications. Following this review, it would be possible to establish an order of priorities for executive action or, if necessary, legislative proposals. For instance, a study of these reports plus an informal review of current industry position would probably indicate general agreement for legislation dealing with the frequency spectrum. Other issues raised in the reports, however, would be much less likely to receive broad support from all segments of industry.

4. If the Administration should decide that what is required is an ordering of its priorities in the communications field, then it seems doubtful that the release of the Rostow Report would help achieve that objective. Of the various reports mentioned above, the Rostow Report has created the greatest amount of controversy because it covers such a wide range of issues and because, as indicated above, it tends to exaggerate the importance of many of these issues. If the Rostow Report were released it should be accompanied by a strong disclaimer of agreement or support from the Administration. However, the fact that the Administration had made the decision to release it would give some degree of additional credibility to this report by making it available through the White House. The affirmative act of releasing this report would not only give it an emphasis which is not justified, but would create the impression of controversy where none need exist. This would interfere with the efforts of the Administration, and presumably the Commerce committees of the Congress, to set priorities and to focus on getting effective results in the areas where there is greater general agreement.

5. The Intelsat Conference will not result in an Intelsat agreement until at least late in 1969 or some time in 1970. Intelsat and international communications matters directly related to Intelsat are covered in the Rostow Report. It seems clear that the negotiating position of the

United States could be affected by a release at this time of a report making recommendations in this area. The existence of these recommendations could create confusion in the minds of foreign countries as to what the position of the United States really is. The release of the Report would impair the flexibility of the U. S. negotiators.

Summary

The Administration should have an affirmative program with regard to selected communications issues to present to the appropriate committees of the Congress and for its own internal executive decisions. To achieve this result, the Administration needs to have maximum freedom to reach its own conclusions. The decision to have the Rostow Report released by the White House, even if accompanied by a strong disclaimer, would exaggerate the importance of the Rostow Report and hamper the efforts of the Administration to develop its own communications policies.

To Mr. O'Connell

If you have any questions, please give me a call.

B. H. O.

3-27-69

BENJAMIN H. OLIVER, JR.
Government Communications
Washington
202 466-4121

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
WASHINGTON, D.C. 20546

OFFICE OF THE ADMINISTRATOR

DEC 22 1969

Mr. James Keogh
Special Assistant to the President
The White House
Washington, D. C. 20500

Dear Mr. Keogh:

In accordance with our telephone conversation of Friday evening, I am sending you two versions of the suggested Presidential statement on space: the draft prepared by Tom Whitehead and your office (Huebner) with our suggested changes, and a new version that we would recommend.

Although we like the general tone and organization of the original draft, we want to suggest a different approach that reflects our knowledge of the reaction of the public and of the scientific community to the Space Task Group report.

Sincerely yours,
Original signed
T.O. Paine

T. O. Paine
Administrator

Attachments

cc:
Vice President Agnew
Mr. Peter Flanigan
Mr. Tom Whitehead
Dr. Lee DuBridge
Mr. Robert Mayo
Mr. Herbert Klein
Mr. William Anders

December 20, 1969

Suggested Statement on Space
with NASA Proposed Revisions

Just one year ago this week, mankind had its first opportunity to see the Earth as it appears from the Moon. We saw it, as Archibald MacLeish wrote last Christmas Day, "as it truly is, small and blue and beautiful in that eternal silence where it floats." In the one short year since that time, men from our planet have walked on the Moon's surface on two occasions. With these unforgettable experiences, we have gained a new perspective on ourselves and our world.

I believe that these accomplishments should help us gain a new perspective on our program in space, as well. Having completed that giant leap into the future which has been our goal for the past decade, we must now define new goals which make sense for the Seventies. We must decide intelligently just what it is we want to do and we must do it well. But we must also understand that -- with the entire future and the entire universe before us -- we should not try to do everything at once. Our approach must continue to be bold -- but it must also be balanced.

In my judgment, three purposes should guide our space program in the years to come.

The first is exploration. From time immemorial, man has insisted on venturing into the unknown, despite his inability to predict precisely the value of any given exploration. He has been willing to take risks, willing to be surprised, willing to adapt to new experiences. Man has

come to feel that such quests are worthwhile in and of themselves -- for this is one way in which he expresses his spirit and expands his vision. A great nation must always be an exploring nation if it wishes to remain great.

A
The second purpose of our space program is scientific knowledge, a greater systematic understanding about ourselves and our universe. On each of our recent space flights, man's total information about nature has expanded manyfold; the human race was able to learn more about the moon in a few hours last summer than it had learned in all the centuries that had gone before. The heroes who perform this important work are not only those who walk in spacesuits while millions watch those who launch powerful rockets in a burst of flame. Most of our scientific progress comes in laboratories and offices, where countless quiet heroes decipher new facts and add them to old ones in ways which reveal new truths. The abilities of these scientists constitute one of our most valuable natural resources; our space program should help them in their work and should be attentive to their suggestions.

A
The third goal of the United States' space effort is that of application -- turning the lessons we learn in space to the benefit of life on Earth. Such lessons are manifold: they range from new medical insights to new methods of communications, from new management techniques to new ways of providing energy. But these lessons do not apply themselves; we must make a concerted effort to see that the results of our learning are used to the maximum advantage of all mankind.

We must see our space effort, then, not only as an adventure of today but also as an investment in tomorrow. We did not go to the Moon merely for the sport of it. To be sure, these undertakings have provided an exciting adventure for all mankind and we are proud to have been the people to meet this challenge. But the most important thing about these accomplishments is what they promise for the future. We must realize that space travel will be a part of our lives for the rest of time. We must think of it as a continuing process -- one which goes on day in and day out, year in and year out -- and not as a series of separate leaps, requiring massive concentrations of energy and will and accomplished on crash timetables. What we do in space from here on in must become a normal and regular part of our national life and must therefore be planned in conjunction with all of the other goals which are also important to us.

Earlier this year I established the Space Task Group to review possibilities for the future of our space program. I have studied their conclusions carefully and have reached the following answers to the question: "Where do we go from here?"

1. We should continue to explore the Moon. Future Apollo manned lunar landings will be planned so as to maximize our scientific return from this project. We will even have a jeep-like, electric vehicle on the Moon, to enable our astronauts to explore exciting new formations unlike any areas previously reached.

2. We should move ahead with bold explorations of the planets of the solar system. During the next decade we will launch a spacecraft to observe every planet and to explore the vast space between them. We plan to land an unmanned spacecraft on Mars in 1973. Meanwhile, new scientific satellites of many types also will be launched into Earth orbit to explore near the Earth and to bring us new information about the universe beyond.

3. We should lower the cost of space launches. Our present rocket technology will provide a reliable launch capability for some time. Because the eight Saturn V launch vehicles in our current inventory are sufficient for the planned rate of lunar exploration, we will suspend the production of the Saturn V for the immediate future. This production can be resumed later as the need arises. Building for the longer future, we will begin to design a reusable space shuttle, a rocket that can be fired, returned to earth, and used again for later launchings. This space launching capacity will be suitable for a wide range of scientific, defense and commercial uses.

We need to substantially reduce the cost of space launches. We have started to design a reusable space shuttle, a rocket plane that will take off vertically, but land horizontally like an airplane. It will be able to travel between the earth's surface and orbit on a regular schedule, and will carry men and supplies to and from a space station. This space transport will be suitable also for a wide range of scientific, defense and commercial uses.

We must extend man's capability to live and work in space.

4. We should develop an extended space capability for man --

First, we will launch an experimental space station -- using present-
first in Earth orbit and later in space beyond. We will launch an
day Apollo technology. This will be a workshop in which men learn how
Experimental Space Station -- utilizing Apollo-level technology --
to do useful tasks in space. The major scientific experiment will be
and will begin manned operational missions in it during the next few
a large solar telescope which astronauts will use to study the sun for
years. By the middle of the 1970s, men will be working in space for
extended periods. By the middle of the 1970's, we should have a longer-
months at a time. In the coming decade, we will also begin to design
life space-station module that will serve as a building block for a
an even longer-lived Space Station Module that will provide a longer-
permanent base in earth orbit. From this space base, eventually, men
range space platform. Such a Station also will serve as a building block
will set forth on an expedition to the planet Mars.
for manned interplanetary travel, an effort which will ultimately include
sending men to explore the planet Mars.

5. We must expand earth applications of space technology. The development of an earth resources satellite -- an instrument which can help in such varied tasks as surveying crops, locating mineral deposits and tracing schools of fish -- will enable us to assess our environment and use our resources more effectively. We will continue to make other new applications of space-related technology, especially in fields such as meteorology, communications, navigation, and air traffic control. The very act of reaching out to new worlds can help man improve the quality of life in this world.

6. We must expand international cooperation in space. In my address to the United Nations in September, I indicated that the United States will take positive concrete steps "toward internationalizing man's epic venture into space -- an adventure that belongs not to one nation but to all mankind." I believe that both the adventures and the applications of space missions should be shared by all peoples. Our progress will be faster and our accomplishments will be greater if all nations work together in this effort, both in contributing resources and in enjoying the results.

These six major principles will produce a space program which is far-reaching and comprehensive, one which extends our space capabilities, expands our scientific knowledge, and puts them to work on Earth.

The benefits of such a program promise to be substantial. We will seek to finance this program with a level of expenditures that will permit our space effort to make steady progress, year by year, in a manner which is consistent with our need to meet other important national objectives.

In a few days we will enter a new decade. As we do so, we are conscious of the fact that man is also entering a new historic era. For the first time, we are exploring beyond our planet; for the first time, we will think of ourselves as men from the planet Earth. It is my hope that we can plan and work in a way which makes us proud both of the planet from which we come and of our ability to travel beyond it.

Suggested Draft: "A New Space Program -- Challenge and Opportunity"
Dec. 21, 1969

Just one year ago this week, mankind first saw the Earth as it appears from far out in space. We saw it, as the poet Archibald McLeish wrote, "as it truly is, small and blue and beautiful in that eternal silence where it floats."

In just one short year since that time, men from our planet have returned to the Moon three times, and landed twice for surface exploration. We have come to understand that at Tranquillity Base mankind entered a new era and opened an endless frontier for our children and for future generations.

Stretching before us is the solar system challenging our future explorers to unlock its secrets. It is a vastness man can and will explore in search of answers about himself and his destiny.

Man's first lunar landing in 1969 was a critical milestone--and a turning point in the exploration of space. Now this nation must decide its future in space, in orbit, on the moon, and beyond. And we must seek new ways for men of other nations to join with us in this exciting enterprise.

We have not only a great challenge, but a great opportunity. History should record that we had the wisdom to plan our future, the courage to grasp our responsibility and the will to move forward

boldly. And history should record that this Administration displayed the required leadership, selected the correct course, and set the right pace. This is a major responsibility to the future which we accept.

With the entire universe before us and with many other urgent needs here on earth, we obviously cannot seize upon every opportunity with all the vigor and capability at hand. We can and will, however, make a determined start, and prepare the way.

When this Administration took office last January, no clear-cut plans existed for a future space program after the first Apollo landing. I established a Space Task Group in February, headed by the Vice President, to make "definitive recommendations on the direction which the U.S. space program should take in the post-Apollo period." Not only did the Space Task Group bring together the high level leadership within the Administration, but it sought the advice and guidance of scientists, engineers, business leaders, private citizens and Congressional leaders.

The Space Task Group reported its recommendations to me in September. Today I am here to announce acceptance of its basic recommendations and to outline the space program I believe this Nation must pursue in the coming years.

The Space Task Group recommended "that this Nation accept the basic goal of a balanced manned and unmanned space program conducted for the benefit of all mankind" and, as a focus for the development of

new capability, that "the United States accept the long-range option or goal of manned planetary exploration with a manned Mars mission before the end of this century as the first target."

In my judgment, these recommendations are sound, and consistent with the three purposes which I believe should guide our space program in the years to come.

The first is exploration. Man has always been fired with the zeal to travel over the next hill, to venture into the unknown, despite his inability to predict precisely the value of any given exploration. He has been willing to take risks and endure hardships, willing to be surprised, willing to adapt to new experiences. Man has come to feel that such quests are worthwhile in and of themselves--for this is one way in which he expands his vision and expresses the human spirit. A great nation must be an exploring nation if it wishes to remain great.

The second purpose of our space program is scientific knowledge, a greater systematic understanding about ourselves and the vast universe around us. On each of our recent space flights, man's total information about nature has expanded manyfold; the human race learned more about the moon and Mars within a few weeks last Summer than had been learned in all the centuries that had gone before. The men who perform this important work are not only the heroes who walk in spacesuits while millions watch or launch powerful rockets in a burst of flame. Most of our scientific progress comes about in quiet laboratories and offices, where inquiring minds decipher new facts and add them to old ones in

ways which reveal new truths. These scientists are the true avant garde of our times--their abilities constitute one of our most valuable natural resources. Our space program should help them in their work and should be attentive to their suggestions.

The third goal of the United States' space effort is practical application--turning the lessons we learn in space to the early benefit of life on Earth. Examples of space benefits are manifold: they range from new medical insights to new methods of communication, from new management techniques to new ways of providing energy. But these lessons do not apply themselves; we must make a concerted effort to see that the practical results of our space research are applied to the maximum advantage of all mankind.

We must see our space effort, then, not only as an adventure of today but also as a sound investment in tomorrow. We did not go to the Moon to provide a TV spectacular. To be sure, our space undertakings have provided an exciting adventure for all mankind, and we are proud that it was America, building on the science and technology of all lands, which met this age-old challenge. But the most important thing about man's first footsteps on the moon are what they promise for the future. We must realize that space travel has become a part of our lives for the rest of time. We must think of it as a continuing process--one which started in our generation, but will go on day in and day out, year in and year out. Space exploration should be thought of as a continuing process, not as a series of separate leaps,

requiring massive concentrations of resources, and accomplished on crash timetables. What we do in space from here on should become a normal part of our vigorous national life planned in conjunction with all of the other goals which are important to us and to the nations who join with us.

Based on this Administration's thorough year-long study of our space strength and potential, I now recommend new commitments, bold new visions, a set of goals and objectives that will give purpose and direction to the space efforts of government, industry and the scientific and educational communities, and that will lead to spiritual and practical benefits to mankind. I propose seven major principles to guide our future in space:

1. We should continue to explore the Moon. Future Apollo manned lunar landings will be stretched out to maximize our scientific return from this project. We will increase our capabilities for lunar surface exploration as we gain experience. Later we will even have a jeep-like, electric vehicle on the Moon, to enable our astronauts to explore exciting new formations unlike those previously reached.

2. We should move ahead with bold explorations of the planets. During the next decade we will launch an automated spacecraft to observe every planet in the solar system and to explore the vast space between them. We plan to land an unmanned spacecraft on Mars in 1973. Meanwhile, new scientific satellites of advanced types will be launched into Earth orbit to bring us new information about the earth, the solar system and the universe beyond.

3. We need to substantially reduce the cost of space operations. We have started to design a reusable space shuttle, a rocket plane that will take off vertically, but land horizontally like an airplane. It will be able to travel between the Earth's surface and orbit on a regular schedule, and will carry men and supplies to and from a space station. This space transport will be suitable also for a wide range of scientific, defense and commercial uses.

4. We will move ahead to provide nuclear power for space. Chemical rockets and electrical power have sufficed for the initial ventures of the 1960's, but we will need to harness the power of the atom for future major ventures in space.

5. We must extend man's capability to live and work and do research in space. First, we will launch in 1972 our first experimental space station--using present-day Apollo technology. This will be a large workshop in orbit in which men learn how to perform useful tasks in space. The major scientific experiment will be a large solar telescope which astronauts will use to study solar phenomena for extended periods using wave lengths which cannot be observed from earth. By the middle of the 1970's, we should have the first longer-life space station module in orbit. Future launches will add additional modules to the space station, so that over the years we will build a large permanent base in earth orbit. From this space base, eventually, men will set forth on an expedition to the planet Mars.

6. We must hasten practical earth applications of space technology. The development of a new earth resources satellite--an instrument which can help in such varied tasks as surveying crops, locating mineral deposits, and detecting air and water pollution--will enable us to assess our environment and use our resources more effectively. We will continue to make other new applications of space-related technology, especially in fields such as meteorology, communications, navigation, and air traffic control. The very act of reaching out to new worlds can help man improve the quality of life in his home planet earth.

7. We must expand international cooperation in space. In my address to the United Nations in September, I indicated that the United States will take positive concrete steps "toward internationalizing man's epic venture into space--an adventure that belongs not to one nation but to all mankind." I believe that both the adventures and the applications of space missions should be shared by all peoples. Our progress will be faster and our accomplishments will be greater if nations work together in this effort, both in contributing resources and in enjoying the results. We have made a beginning here, but much remains to be done.

These seven major principles will produce a space program which is far-reaching and comprehensive, one which extends our space capabilities, expands our scientific knowledge, and puts them to work on Earth.

The benefits of such a program promise to be substantial. We will seek to finance this program with a level of expenditures that will permit our space effort to make steady progress, year by year, in a manner which is consistent with meeting other important national objectives.

I speak to you today in the final hours of an old decade. As we enter the new decade of the 70's, we are conscious of the fact that man is entering a new historic era. For the first time, terrestrial life has reached beyond its home planet; for the first time, man thinks of himself as <u>from</u> the planet Earth. I believe that the new space program I have described will make us proud <u>both</u> of the planet from which we come <u>and</u> of man's increasing ability to travel beyond it.

Industrial Communications
Weekly Information Service

Robert E. Tall, Editor
561 National Press Bldg.
Washington, D.C. 20004
Telephone 783-2482

No. 50

December 19, 1969

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* * * * * * * * *

This fiftieth issue of Industrial Communications completes our service for the year of 1969. There will be no issue of this publication dated December 26. News developments which occur next week will be covered in our next scheduled issue, to be dated January 2, 1970. We would like to take this opportunity to thank you for your continued support of our service, and for your friendship, and to wish you the happiest of holiday seasons, and a prosperous New Year.

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February 7, 1969

Tom:

Bill Morrill called re your request for space for Dr. Lyons.

He says he doesn't have much weight -- you carry more "clout". Is told that the people to call are either Higby or Haldeman -- for space.

Eva

Telecommunications

2/7/69 Cong. Reid's office was calling about the availability of the Cable TV Chapter of the Rostow Report.

Telecommunications

February 7, 1969

Mr. Nicholas Zapple
Communications Counsel
Senate Committee on Commerce
Room 126-A
Old Senate Office Building
Washington, D. C. 20510

Dear Mr. Zapple:

I enjoyed very much the opportunity to meet you yesterday and to get your views on telecommunications policy matters.

As I indicated, we are working to come to grips with these issues in a meaningful way as rapidly as possible, and are giving considerable immediate attention to the upcoming INTELSAT Conference.

I will make every effort to keep you informed and look forward to seeing you again soon.

Sincerely,

Signed

Clay T. Whitehead
Staff Assistant to the President

CTWhitehead:ed

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

OFFICE OF THE DIRECTOR

FEB 7 1969

February 6, 1969

C.T.W.

MEMORANDUM FOR MR. ROBERT F. ELLSWORTH
Assistant to the President

Subject: Telecommunications Policy

On August 14, 1967, President Johnson established a Task Force to study U.S. telecommunications policy. Mr. Eugene Rostow, then Under Secretary of State for Political Affairs, was Chairman of the Task Force and the membership included 14 other representatives -- all Presidential appointee level from the various Federal Government departments and agencies, with the Chairman of the FCC as an Ex Officio member. The Task Force was given one year to complete its task. Due to the scope of the subject and the fact that its members never did reach unanimous agreement, the final report (with at least two dissents) was not submitted until December 1968. As far as is known the Johnson Administration took no substantive action on the Report, and it never was released to the public. However, there were many leaks of Task Force papers and there have been many articles in the Press conjecturing on the Report and the reasons for the dissents by some of the Task Force members.

Recently some of the former members of the Task Force Staff have started agitation for action to be taken on the Task Force Report. This agitation could culminate in pressure tactics that might force the new Administration into taking a position before there is opportunity to conduct a fresh review. Attached is a proposed public statement intended to "defuse" such pressures.

Recommend that such a statement be released to the Press by the President. Also recommend that no action be taken with regard to the Task Force Report until there has been ample opportunity for this Administration to consider the major problems involving our telecommunications services.

J. D. O'Connell

Attachment

Call - who? what?

Proposed White House Press Release by President Nixon
on Telecommunications

The effective functioning of the political, economic, and social structure of the United States depends to a very great degree on the adequacy and responsiveness of our telecommunications services. Telecommunications in the form of broadcasting, the telephone system, communications in general, as well as the countless other electronic devices that use the radio spectrum and assure the comfort and safety of our citizens has become an all pervasive servant profoundly affecting individuals, the commercial world, and the Government. New technology, such as communications satellites, offers great new capabilities for handling vast amounts of information over great distances on an instantaneous basis.

American ingenuity and resourcefulness have provided the technological know-how. National policy should provide assurance that this technology is used to best serve the total private, public and national interests.

This Administration from the beginning has stressed the need to communicate. Accordingly, this Administration will undertake a continuing review of the policies that guide our telecommunications with the aim of assuring responsiveness to national needs. Where necessary, legislation will be recommended to the Congress.

cy given Dr. Drew 2/6/69

2/4 Telecommunications

DRAFT
Dr. Drew
February 5, 1969

Tom — If you have any problems with this reply please let me know by 10:00 AM tomorrow (Feb 6.).
Russ Drew

THE WHITE HOUSE

MEMORANDUM FOR

Honorable Maurice H. Stans
Secretary of Commerce

I have ~~recently~~ requested a detailed assessment of the Task Force Report on Communications Policy, taking into consideration the recently completed study of the Federal Communications Organization, with a view toward preparation of legislative proposals or reorganization plans for the management and administration of communications matters within the Executive Branch. Until this assessment, here in the Executive Office of the President has been completed, the action proposed in your memo of February 3, would be premature.

I appreciate your views and expect to discuss this matter with you after I have had an opportunity to consider the results of the current review. My staff will, of course, consult with the Commerce Department during our review.

Eva: please call & say I recommend the above changes. Suggest memo to President says we concur in this response.

THE FEDERAL BAR ASSOCIATION
1815 H Street, N. W.
Washington, D. C. 20006

The Communications Law Committee

Presents

MR. ALAN R. NOVAK

Executive Director of the President's
Task Force on Communications Policy

Mr. Novak will discuss the work of the Task Force, to be followed by a question-and-answer session.

Tuesday, February 18, 1969
4:30 p.m.

Federal Bar Building, 1815 H Street, 3rd Floor

NO RESERVATIONS NEEDED

Max D. Paglin
Chairman
Communications Law Committee

Novak home
338-2520

IEEE Winter Convention on Aerospace and Electronic Systems
Biltmore Hotel, Los Angeles, California

Tuesday, February 11, 1969, 2:00 to 5:00 P.M.

Trends in Communications Policy
Alan R. Novak
Executive Director
President's Task Force on Communications Policy
Department of State

1. Introduction to the Report of the President's Task Force
   Alan R. Novak

2. Competition and Monoply in the Communications Industry
   Leland Johnson

3. Problems in Television Broadcasting
   Nicholas Johnson

4. The International Telecommunications Industry
   Richard Posner

5. The Impact of Telecommunications on Policy
   Charles Osborn

6. Management of Frequency Spectrum
   Walter Hinchman (who is listed on the program as
   Staff Director of Telecommunications,
   White House)

Morrill/Draw meeting notes

2/5

THE WHITE HOUSE

WASHINGTON

- CEA
- Justice - direct anti trust
- BOB
- OST
- DTM
- NSC

?

1968

May 68

AT&T photos

Void not solicitation

* Ralph Clarke

Newark papers

Le Mars

Robert Guthrie

House Commerce Committee

Sat on

Congr. McDonnell chm.

FY70 re-look

DTM & FCC may raise $ for spectrum mgt

Domestic satellite applic backlog ABC, Ford, etc.

3 W
2/3

Tom

Anti-trust TF
Stigler
#
Lewis Stigler Burns.

F Y I

11:00

DH

Cleveland AT&T Federal
Bill Timmons Belair
Postponing Hill to investigate
Zapple wants hearings
Stigler (Home)

1/31/69

FEB 3 1969

Dan and Tom -

As you can see, these boys really move around!!!

Best Regards,

Charlie Kelly

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 6, 1969

FOR: ROBERT ELLSWORTH
TOM WHITEHEAD

FROM: DAN HOFGREN DWH

RE: TELECOMMUNICATIONS

Mr. Abbot Washburn, formerly head of USIA, has been asked by Henry Loomis to make a review of the Rostow Commission and BOB report on Telecommunications.

1. He is preparing some comments on this issue and would like to talk with us about it. May I suggest we invite him for Saturday morning. — Yes 11:30 a.m.

2. For your information, General Lincoln has invited him to be the replacement for General O'Connell.

3. It also has been suggested that he be Deputy to Ambassador Marks for the INTELSAT conference. For your information Marks' appointment ends on March 28th.

February 6, 1969

FOR: Mr. Flemming

FROM: Robert Ellsworth

SUBJECT: Director of Telecommunications Management

General George Edward Pickett has been suggested for the Director of Telecommunications Management. We may want to consider him, depending on what we decide to do with that office.

Would you please send me a list of other names you have received for this position.

Attachment: Photo of General Pickett

CTWhitehead:ed

# MAJOR GENERAL GEORGE EDWARD PICKETT

George E. Pickett has a long career in military communications, beginning in June, 1939, when he was commissioned as a Second Lieutenant in the Signal Corps of our regular Army after graduating from the United States Military Academy. Currently, he is the Assistant Chief of Staff for Communications - Electronics, Headquarters, Department of the Army, and is stationed at the Pentagon. His duties in this capacity are worldwide in character, and touch upon all phases of communications matters that this branch of the Service has responsibility for. The Southeast Asia complex in Vietnam and Thailand is typical of one of his out-of-the-country staff responsibilities.

Prior to this assignment, General Pickett was located with the Defense Communications Agency for three years, ending March, 1968. During this period he served as the Deputy Director, Defense Communications System, and from December, 1967 to March, 1968 he was Vice Director of the Agency. The Defense Communications System is a worldwide long lines network, supported by the three Services and managed by the Defense Communications Agency. It is a very sizeable undertaking, involving many problems with many Agencies and Departments at installations throughout the world. For the last several years, the annual operating costs of this network have been in the $600 to $700 million range, which gives some idea of the complexity of the problems involved in its management.

Prior to his coming to Washington, his communications experience included such things as being the Army Signal Officer at Eighth Army Headquarters, the Signal Officer of the United States Ordnance Missile Command, and similar assignments.

However, General Pickett's experience has not been limited to communications matters. He has been with the Department of the Army's Personnel Operations, serving as Chief, Combat Support Division and Director of Officer Personnel. In other assignments, he was with the Munitions Board, and served as Executive Officer. Prior to that, he was in the Office of the Under Secretary of the Army in the Pentagon, from 1952 to 1956.

General Pickett was selected for attendance at the National War College in 1956, and upon graduation was assigned to the Military Assistance Advisory Group in Taiwan. He occupied various positions, such as Assistant Chief of Staff, J-5, on the Joint Staff over there, as well as several communications assignments.

General Pickett served with the First Infantry Division throughout World War II, participating in eight campaigns, in North Africa, Sicily and Europe, including the D-Day landings in North Africa, Sicily and Normandy. He is a graduate of the United States Military Academy in 1939, and attended the Advanced Management Course at Harvard University in 1961, from which he graduated.

The following gives some personal data about him, and a list of citations and decorations that have been awarded to him.

| | |
|---|---|
| Born: | 26 May, 1918, Palestine, Texas |
| Married: | Jane M. Stanton, 14 June, 1939 |
| Children: | George E., Jr. 25 years (Captain, U.S. Army, 25th Division, Vietnam) |
| | Jane G., 14 years |
| | Thomas D., 12 years |
| | Sharon S., 7 years |
| Residence: | 2315 So. Arlington Ridge Road, Arlington, Va. 22202 |

EDUCATION

U.S. Military Academy - 1939
Command and General Staff School (equivalent)
Armed Forces Staff College - 1951
National War College - 1957
Advanced Management Course, Harvard University - 1961

GENERAL OFFICER RANK

Brigadier General - temporary 29 July, 1962.
permanent 18 July, 1966
Major General - temporary 1 August, 1964

CITATIONS AND DECORATIONS

Silver Star
Legion of Merit with Oak Leaf Cluster
Bronze Star with V device
Army Commendation Ribbon with Oak Leaf Cluster
Croix de Guerre, France
War Cross, Czechoslovakia
Fourragere, France
Fourragere, Belgium

THE WHITE HOUSE

WASHINGTON

February 4, 1969

MEMORANDUM FOR THE PRESIDENT

Subject: Report of Rostow Task Force on Communications Policy

This memorandum describes White House involvement in two important matters of telecommunications policy.

INTELSAT Conference

My office has been discussing this important matter with the FCC, the Director of Telecommunications Management (OEP), the State Department, and Mr. Leonard Marks, who is head of the U. S. Delegation. Simultaneously, Dr. Burns' office sent a directive to the State Department to report on the possibility of postponing the conference. The State Department reply was in accord with our understanding and discussions of the matter.

Attached is a memorandum to John Ehrlichman with more details, along with a copy of a memorandum to Mr. Marks, outlining future steps to be taken.

Rostow Task Force Report on Telecommunications

My office has reviewed this report and a companion Budget Bureau study of Federal Communications reorganization. We are discussing these reports and what our policy should be on their release and will recommend action shortly.

Simultaneously, Dr. Burns' office directed OST to review the report for possible legislative proposals. We have agreed with Martin Anderson and Lee DuBridge that our office will handle this report with appropriate coordination.

Robert F. Ellsworth
Assistant to the President

Attachments

Draft from Nick Zapple to Sen. Pastore 3/6/69

Telecommunications (Bk in Public Bdcstg. file)

Mr. President:

Ever since the laying of the first Transatlantic cable in 1956 it had become obvious to me that a new policy in telecommunications, particularly in the international field, was necessary if the United States was to maintain effective competition and leadership. Various studies have been made on this subject since that time and they are all gatheringdust.

Hearings were held on the international aspects of this problem by my Subcommittee in 1959 but in spite of the fact that all the government agencies concerned with this problem agreed that technological advancements in the communications field required a change in policy, the Department of Justice refused to support all the other agencies supporting the legislation then before our Committee and failed to come up with any alternative suggestion other than status quo.

By 1960 four cables were put across the Atlantic and the Federal Communications Commission, in order to maintain some form of competition, did so artifically by directing A. T. & T. to make available circuits in its fourth cable to the American International Record carriers.

In 1961 I wrote a long memorandum to the late President John F. Kennedy outlining the need for an overall telecommunications policy. Shortly thereafter, the Congress proceeded to consider legislation regarding communication satellites.

After the enactment of the Communications Satellite Act of 1962, it was obvious more than ever that this overall review and policy was necessary if the United States was to maintain and continue its lead in communications.

In the official reports of the Senate Commerce Committee, I urged the development of such a policy by the Administration. When the Chairman of the FCC and the Director of Telecommunications Management, the adviser to the Executive Department on communications matters, appeared before the Committee for confirmation, I outlined these problems and strongly urged immediate action. I was assured time and time again that such steps were being taken. In fact, an Intragovernmental Committee on International Telecommunications was formed made up of the FCC, the Office of Telecommunications Management, the Department of Defense and the Department of Justice, and after an expenditure of more than $750,000 and countless man hours of deliberations, this Committee filed an unanimous report with Congress in June 1966 making certain proposals with regard to international telecommunications and indicated that a proposed bill would be submitted to Congress immediately. Such a bill was not submitted.

On August 14, 1967, the President submitted a message to the Congress concerning world communications and created a Task Force on Communications Policies and asked it to make a comprehensive study of the same type of questions I have been raising: They are as follows:

> "Are we making the best use of the electro-magnetic frequency spectrum?
>
> How soon will a domestic satellite system be economically feasible?
>
> Should a domestic satellite system be general purpose or specialized, and should there be more than one system?
>
> How will these and other developments affect COMSAT and the international communication carriers?"

In the meantime, the applications regarding a domestic communications satellite system were left standing at the FCC in spite of the fact that the FCC has been in the position for some time to take action, whatever that action would be.

Negotiations regarding a permanent arrangement for the ownership operation of the global communications system begins on February 24, 1969, because the 1964 Intelsat agreement currently in effect ends in 1969. During the past two years I have officially stated for the record at various hearings conducted by my Subcommittee, the observation that I was hopeful that the appropriate agencies would be fully prepared for the 1969 conference. My most recent comment was made during the confirmation hearing of H. Rex Lee to be Commissioner of the FCC held on September 13, 1968.

The significance of the February 24, 1969 negotiations was recognized in the President's message of August 14, 1967 wherein it was stated that this was one of the reasons why the Task Force was undertaking its study with regard to our entire international communications posture. As I understand it, a report was submitted to the White House in December 1968. I have no direct knowledge as to the subject matter contained in this report.

What has happened to the report? When can Congress expect the report, or any of the findings or recommendations contained therein?

JACOB K. JAVITS
NEW YORK

WILLIAM E. DUKE
EXECUTIVE ASSISTANT

# United States Senate

WASHINGTON, D.C. 20510

COMMITTEES:
LABOR AND PUBLIC WELFARE
APPROPRIATIONS
GOVERNMENT OPERATIONS
JOINT ECONOMIC
SMALL BUSINESS

1 W
2 | 3

January 31, 1969

Dear Mr. Whitehead:

As we discussed on the phone today, the outline of my proposal for the establishment of an effective "focus" for the use of public broadcasting and telecommunications is attached.

The most important elements, in my view, are the basic ones: the absolute need for some office or officer of government to be recognized as the Administration's director of efforts in this field, and the important public relations benefits such action could produce. The first point was included when the National Conference on Telecommunications Policy adopted my proposal, in essence, at the University of Georgia last December. (A copy of the draft resolution and a listing of the constituent organizations represented at the conference are attached after page 12.)

We all know that there are many other problems in communications and that some of them--such as the budget request for the Corporation for Public Broadcasting--will face the Administration soon. There is however, a fairly small group of people in Washington who are very much dedicated to success in this field, and I know they would be only too willing to give you and Bob Ellsworth solid, non-self-serving assistance. Some of these are Democrats with whom I have been working for some time, but most admit that the last Administration, after a fast start, dropped the ball. They want to see it picked up and herein lies our advantage.

Once again, let me stress that the attached proposal is only an outline designed primarily to show the possible public relations benefits for the new Administration in this field. It is based on material I circulated among acquaintances on the Nixon staff during the campaign. I deeply believe that once a decision is made to move in this area, the legislative backup can be provided without major effort since precedents are already on the books. As always, appropriations are more difficult.

I look foward to meeting you soon.

With personal regards,

Sincerely,

Bill

William E. Duke
Executive Assistant to
Jacob K. Javits, U.S.S.

Mr Thomas Whitehead
Special Assistant to the President
White House
Washington, D.C.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 4, 1969

FOR: The Files

FROM: Tom Whitehead

SUBJECT: Meeting with Lee Johnson

Met with Lee Johnson today. Lee felt it was important to bring about early release of the contractor report because there have been numerous requests and because they were not tied intimately to the conclusion of the report. He also mentioned that the American Society of International Law has established a telecommunications panel headed by Abe Chayez of the Harvard Law School and that they were interested in receiving the report and/or staff papers for an upcoming conference. Lee felt that the two most important recommendations in the report were the creation of a spectrum management authority and implementation of the domestic satellite project.

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CTWhitehead:ed

THE WHITE HOUSE

WASHINGTON

FEB 4 1969

February 3, 1969

MEMORANDUM FOR

Staff Secretary

Subject: Staff Secretary Memo of January 31, 1969 -- Legislative Proposals on Telecommunications

I have been informed that Mr. Robert Ellsworth's office is also examining the telecommunications papers with a view towards developing legislative proposals. Mr. Ellsworth and I and our staff will work together on this matter.

Lee A. DuBridge

Lee A. DuBridge

cc: Mr. Ellsworth

Date: January 31, 1969
Time: 12:00 P.M.

THE WHITE HOUSE

WASHINGTON

FOR:

LEE A. DuBRIDGE
SCIENCE ADVISOR

cc (for information):

John Ehrlichman

FROM THE STAFF SECRETARY

SUBJECT (see attached);

Please prepare legislative proposals on telecommunications.

ACTION AND REMARKS:

___ Prepare Agenda and Brief

___ For Your Comments

X For Necessary Action

___ Draft Reply

___ Draft Remarks

___ For Your Information

Other:

Mr. DuBridge - To expedite lateral coordination, would you please send a copy of Dr. Burns' report XVIII-6, Telecommunications, to John Ehrlichman.

DUE: Date: May 1, 1969 Time: 2:00 P.M.

Please attach this copy to material submitted.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately

K. R. COLE, JR.
For the President

2384

THE WHITE HOUSE

WASHINGTON

February 1, 1969

MEMORANDUM FOR

Honorable Lee A. DuBridge
Science Advisor to the President

A task force, appointed by former President Johnson, has submitted a variety of far-reaching recommendations on telecommunications. You can obtain a copy of the report from Martin Anderson. It would be desirable to establish a small review committee to assess this report, and to prepare whatever legislative proposals may be needed. Would you be good enough to undertake this for me? I would like to have the report of this committee by May 1, 1969.

When you send your report to me, please send a copy to Arthur Burns.

TELECOMMUNICATIONS

February 3, 1969

FOR: John Ehrlichman

FROM: Robert Ellsworth

In response to your memorandum of January 28 (you will recall that we also discussed this matter at breakfast that morning) it is my recommendation that Ambassador Leonard Marks be surrounded and directed, and that the upcoming telecommunications conference proceed as planned under the surveillance of this office.

As you know, there have been contrary recommendations from within the Executive Office of the President; but it does appear that it would be a major mistake to cancel the conference. Moreover, it appears that it would not be necessary to cancel the conference in order to maintain the options of the Administration -- it is doubtful that the conference will come to a definitive conclusion.

A detailed memorandum will be coming forward within twenty-four hours.

RE:jl

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

JAN 28 1969

January 28, 1969

TO: BOB ELLSWORTH

FROM: JOHN EHRLICHMAN

May I have your recommendations with regard to "Ambassador" Leonard Marks and the upcoming telecommunications conference?

Telecommunicat-

January 30, 1969

MEMORANDUM FOR MARTIN ANDERSON

Bob Ellsworth asked me to inform you that we were working on the telecommunications area, both with respect to the Rostow report and the upcoming Intellsat negotiations.

In connection with your work with Dr. Burns, I think you should meet, as soon as possible, Jack Carlson of the Budget Bureau who has just been promoted to Assistant Director for Program Evaluation. The work of his staff will be particularly valuable to you and they can be a useful resource. Jack would very much like to meet you and asked that I arrange a lunch for you, him and me. Let me know what would be convenient.

I also suggest you make it a point to talk to Andy Rouse of the Budget Bureau soon also.

Clay T. Whitehead
Staff Assistant
to the President

CTWhitehead:ed

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 30, 1969

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: Dale Grubb

Subject: Task Force on Communications Policy

There was a Task Force on Communications Policy that was setup by President Johnson to study the problems and policy relative to the International Communications Satellite and also possible plans for a Domestic Communications Satellite Program. This Task Force was chaired by Dr. Eugene Rostow and some members of his committee are as shown below:

Dr. Donald Hoernig, Scientific Advisor to President Johnson
Dr. Russell Drew, Technical Assistant to the Scientific Advisor to President Johnson
Leonard Marks - USIA
David Soloman - Defense
General Jim O'Connell

Dr. Russell Drew, an acquaintance of mine and a real fine gentleman, phoned me last week and offered his services, should they so be desired, to brief you or anyone whom you might desire regarding the decisions of this Task Force which has been in existance for the past year. He merely wants to be of assistance.

Phoned E.R.
2-20-69
1040 a.m.

Rostow:

1. Pres. has requested a detailed assessment of Rostow Report, which is generally regarded by all who have seen it as a remarkable contribution. ~~Rostow to receive full credit at appropriate time.~~

2. Pres. may consider logic, or reorganization plans a bill, on basis of detailed assessment. No time yet to complete assessment. Rostow to receive credit.

3. House Commerce Committee doesn't now plan hearings on Rostow Report as such.

4. Intelsat Conf Monday for 4 weeks — Nothing ~~on Israel~~ that might affect the Conference.

FYI

Telecommunication

TASK FORCE ON PRODUCTIVITY AND COMPETITION

Telecommunications

Richard A. Posner

My purpose here is to review briefly the important current issues of national policy in the field of telecommunications and to offer some opinions. Brevity is appropriate because I assume you have received the report of the Rostow Task Force which will provide adequate background for an understanding of the issues. I shall not limit discussion to the regulatory or competitive aspects lest important questions be overlooked altogether because not within the obvious scope of any of the task forces. Nor shall I limit discussion to areas in which the Department of Justice has the burden of acting, although I would stress that in recent years the Department has participated actively in a broad range of communications matters not involving enforcement of the antitrust laws. The Antitrust Division has intervened, urging the competitive interest, in a number of FCC proceedings and has had representatives on a number of intragovernmental committees dealing with communications matters. In addition, the Appellate Section of the Division, together with the Office of the Solicitor General, represents the FCC before the Supreme Court.

I shall discuss the issues in the approximate order of their urgency, postponing to last, however, that of government organization in the communications field: not because it is the least urgent -- it is the most urgent -- but because it cannot properly be understood without a grounding in the

substantive questions. With respect to each issue I shall indicate at the outset (1) the recommendations that were made by the Rostow Task Force and (2) the timing and mode of the Executive Branch decision or participation that is called for.

1. The Structure of the U.S. International Communications Industry

The Rostow Task Force recommended the enactment of legislation that would authorize the FCC, upon a finding of public interest made after a hearing, to approve the consolidation of our international transmission facilities (principally, undersea cables and satellites and satellite earth stations) in a single firm, and, by approving, to immunize the transaction from challenge under the antitrust laws. Since this is a controversial area, the new Administration will have to decide very soon what position to take on it. No agency, at present, has authority to enunciate policy for the entire Executive Branch in the matter (unless it be the Bureau of the Budget, which must clear all federal agency recommendations for, or comments on, new legislation), and the Department of Justice will be one of the principal agencies consulted in an attempt to formulate an Administration position.

The striking characteristic of the U.S. international communications industry that is at the root of the merger proposal is the extensive web of FCC-imposed or -sanctioned market divisions. The three telegraph (or record) carriers -- RCA Communications, ITT World Com, and Western Union International (spun off from the domestic Western Union Telegraph Company several years ago) -- have been given a monopoly of all record and mixed voice-record (AVD) business, even though they perform essentially no more than a middleman's function between the domestic carriers (Western Union

and the telephone companies) and those who provide the actual international transmission links (AT&T, COMSAT, and their foreign partners) for both voice and record service*; and, what is more pertinent, even though it appears that no middleman function is required, especially on leased services, where the record carriers' prices appear to exceed their costs by almost a factor of two. (Their leased-line revenues subsidize the provision of international telegram service, a service that evidently cannot be provided at remunerative prices.)

Another market division arises from the fact that no firm may offer satellite service in competition with COMSAT and that COMSAT is barred not only from the record but also from the voice (telephone) business. It is limited to the role of a carrier's carrier, leasing circuits either to AT&T (which has a monopoly of U.S. international telephone service) or to the record carriers, which, as mentioned, have a record monopoly.

I can see no economic or other justification for thus dividing markets and restricting entry. Nor is it an answer that the protected firms are prevented from exploiting their position by regulation of their rates. Rate regulation may be quite ineffective. And to the extent it is effective, the regulated firms may have an incentive to expand plant beyond efficient size or in other ways transform profits (which are forbidden) into costs (which are only loosely policed). A case study by the Task Force staff of the TAT-5 (fifth transatlantic cable) proposal indicated -- although not conclusively, by any means -- that the absence of profit and

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*The record carriers own no domestic lines. The FCC has compelled AT&T to admit them to joint ownership of its undersea cables and COMSAT to admit them to joint ownership of its ground stations. The record carriers own switching equipment but it is possibly redundant to AT&T's; they also own telegram offices that, as mentioned in the text, don't pay their way.

competitive disciplines is leading to the overbuilding of our international communications plant. Moreover, the FCC in its TAT-5 opinion acknowledged its inability to review the investment program of the industry.

The ideal solution would be to remove all of the regulatory barriers against the entry of one firm into the markets of another. Only in the case of COMSAT's satellite monopoly would legislation be required to accomplish this end. To be sure, as we discussed in New York, any removal of entry barriers ought to be conjoined with removal of minimum rate controls, so that the existing firms in a market can respond to any new competition. That too may be possible without legislation -- a question to which I shall return. I would argue further that profit controls might well be removed as well because of their perverse incentive effects. But that is not so necessary or clearly warranted a step.

To this line of argument the Rostow Task Force would answer that the removal of entry and rate controls would be impractical politically and that the international industry is a natural monopoly anyway: a consolidation would be inevitable under competition and should therefore be encouraged. I once agreed with this analysis but the more I think about it the more troubled I am by it. The judgment that the industry is a natural monopoly rests on a prediction as to the relationship between demand and the technology of supply in the 1970's. Such predictions are always tricky and especially so in a rapidly changing industry such as international communications. Moreover, while an unregulated monopolist has a strong incentive to minimize costs, the same cannot be said of a regulated one. Hence, even if the international industry is truly a natural monopoly, a consolidation without the removal of regulatory controls over profits,

rates, and entry might not lead to the actual realization of the potential economies of scale, for the perverse incentives of the present structure to overbuild and otherwise to incur unnecessary costs would remain unaffected. The Task Force believed, perhaps correctly, that a single firm might be somewhat easier to regulate than the present plurality, but even so I have the profoundest doubts that regulation can cope effectively with the distortions that it induces. The Task Force also suggested an augmenting of regulatory capabilities but that is largely wishful thinking.

In sum, the case for consolidation no longer seems compelling to me. I should add that it would be a politically delicate and administratively costly trick to pull off, since it would involve the divestiture of AT&T's international plant and the dismemberment of the record carriers. Moreover, no member of the industry favors such a merger at present, and if it were pressed by a Republican Administration it could become a highly partisan issue: the spectre of monopoly capitalism would be seen to be stalking the land.

One possibility for reform, short of consolidation, would be for the FCC to relax its ruling (in the Authorized Users case) that as a matter of policy, not law, COMSAT may not lease satellite circuits directly to the ultimate user, in particular the Department of Defense. This would have the salutary effect of forcing the record carriers' rates closer to their costs, and of introducing competition at least into the leased-line market. This change should be easy to accomplish, because the FCC has indicated that it will waive its ruling if the Director of Telecommunications Management, in the Executive Office of the President (more about DTM later), certifies that the national interest requires the government to procure

circuits directly from COMSAT. At the same time, it is essential that the FCC declare that it will not entertain complaints by COMSAT should AT&T or the record carriers react to its entry into the leased-line market by reducing their rates. Another modest reform that should be considered would be for the FCC to reverse its ruling (in the TAT-4 case) barring AT&T from the mixed voice-record market. But I would table ambitious proposals for restructuring, at least until we know more about the cost and demand trends in this burgeoning industry.

2. The INTELSAT Negotiations

The Rostow report confines itself to reciting platitudes on this question because of its sensitivity. The U.S. is currently engaged in negotiations for definitive arrangements for INTELSAT, a joint venture of 61 nations to provide international satellite communications, and from its first day the new Administration will have to direct the negotiating process. The question of what to do about INTELSAT would be first on my list in terms of urgency save for the fact that the paramount considerations will undoubtedly involve foreign policy rather than industrial organization, and that is not the forte of this group. But there are two points on which we might want to opine. First, it is a striking fact that individuals normally hostile to monopolies frequently urge monopoly in the international arena. There is strong sentiment within the government for constituting INTELSAT the sole provider of international satellite communications. Yet, monopoly seems as dangerous here as in other areas of economic life. Satellite technology is in its infancy and the direction in which it should move is violently disputed. There is much to be said, therefore, for permitting, and indeed encouraging, the formation of separate satellite

systems for regional as well as domestic service. (The State Department is prepared to accept the principle of separate domestic systems, but such a principle would be meaningful only to those few countries that occupy a very large land mass.) As I have said, the paramount consideration in the negotiations will be political but it would be proper to direct attention to the competitive interest.

Second, a peculiarity of the present INTELSAT arrangements is that voting power in the consortium is proportioned to investment in the satellites themselves. Investment in satellite ground stations doesn't count. Yet the earth stations are an integral part of the satellite system and if earth-station investment is not included in the calculation of voting power there may result a bias in favor of cheap satellites that could prevent an optimal mixture of satellite and ground-station investment.

3. Domestic U.S. Satellite Communications

The Task Force recommended that the FCC authorize the establishment of a "pilot" satellite system to provide service within the U.S., the system to be owned on a provisional basis by COMSAT with some participation by telephone companies and other entities in the ground stations. Because the government (NASA) controls the satellite launch facilities and because even a wholly domestic satellite system raises a question as to our obligations under the INTELSAT arrangements, the FCC has been unwilling to act in the matter without an expression of the Administration's position, and although the matter has been before the Commission for several years now, and is ripe for decision, quite possibly it will want the views of the new Administration before acting.

There are two main proposals before the FCC. One, by the Ford Foundation, contemplates the creation of a Broadcasters Nonprofit Satellite

Corporation (BNSC) that would own and operate a domestic satellite system and would sell circuits in it to the commercial broadcast networks for the distribution of their television programs from the studios to local station affiliates throughout the country. BNSC would charge the networks only a bit less than they now pay AT&T for distribution via AT&T's terrestial microwave system, although Ford anticipates that the cost of distribution via satellite would be much less. The amount by which revenues exceeded costs would be used to support noncommercial television broadcasting. (Noncommercial broadcasters would also be given the use, without charge, of several satellite channels for the networking of their own programs; since this feature of the Ford proposal is common to COMSAT's as well, and, although in my opinion unsound, is almost universally applauded, I shall not discuss it.)

The BNSC plan can be dismissed quickly, not only because it has no support within the Commission but because it is manifestly unsound. To begin with, while satellite distribution is probably competitive in cost with terrestial, it is clearly not a good deal cheaper; so BNSC would not in fact be able to obtain large profits by selling circuits to the networks at a price slightly below that now charged by AT&T. In addition, noncommercial broadcasting has yet to demonstrate that it can productively absorb large sums of money. (I shall return later to the questionable case for subsidizing it.) Thirdly, and I think dispositively, the Ford proposal would foster inefficiency in television distribution. Suppose that when the first satellite was launched, the cost of broadcast distribution by satellite was indeed appreciably below that of distribution by terrestrial microwave, and that by shading AT&T's rates a bit BNSC could

gain the networks' business. That would yield a tidy income for noncommercial broadcasting. But it is quite possible that subsequently AT&T (or some other firm) might develop a mode of terrestrial distribution (say, by millimeter waveguides or laser pipes) that was cheaper than the satellite equivalents. If AT&T fixed a rate that reflected its cost advantage and won back the networks the social cost of television distribution would be minimized but noncommercial broadcasting would lose its nice source of income. It is predictable that this would not be permitted to happen. AT&T would be forbidden to install its new distribution system, because that would be "cream skimming" -- skimming off satellite profits needed to support a worthy cause.

The proposal that is seriously considered is COMSAT's, which wants to establish on a pilot basis a satellite system that would provide both television distribution and some telephony and telegraphy. There is some question whether the economics of domestic satellite communications are attractive at this time (as noted earlier, when a firm is regulated its investment decisions cannot be confidently assumed to be cost-minimizing), but the Task Force staff concluded after careful study (1) that it was unlikely that satellite costs would be significantly higher than terrestrial costs, at least for television distribution, and (2) that the cost of adding a telephonic and telegraphic capability was very small.

There is only one important respect in which I would urge modification of the position enunciated by the Task Force in any new formulation of Administration views. That relates to the recurrent question of freedom of entry. The idea behind designating COMSAT's system a "pilot" rather than a full-blown system was to dispel any impression that COMSAT was

being granted a monopoly of domestic satellite communications. That is a good beginning but I would go further and urge the FCC to make explicitly clear that, subject only to spectrum limitations and to any foreign policy requirements, it will routinely license any firm that desires to provide satellite communications and, as a corollary, that COMSAT will be free to reduce its rates to meet the competition of such new entrants. This approach implies that COMSAT not be required, as some people in the government urge, to carry on expensive experimentation as part of the pilot project. If it is compelled to assume costs that it would not incur if left to itself it will have an argument against the entry of firms that are not laden with any such public responsibilities.

4. Public Broadcasting

In 1967 Congress passed the Public Broadcasting Act, establishing a Corporation for Public Broadcasting as proposed by the Carnegie Commission; but it has yet either to appropriate substantial funds for the support of the corporation or to decide on a method of financing. The new Administration will at an early date have to advise Congress on these critical questions -- on which the Rostow report is largely silent. If, as the Carnegie Commission proposed, an excise tax on television sets is imposed for the support of highbrow programming at extravagant levels, the effects on income distribution will be only too clear: The poor will be subsidizing the taste of a small minority of affluent people. We will be aggravating poverty in order to combat Philistinism.

A sensible policy toward the implementation of the Public Broadcasting Act would have three essential elements: (1) it would not be financed by regressive taxes; (2) consistent with a sensible ordering of national

priorities, funding would be kept at a modest level; (3) the Corporation for Public Broadcasting would not involve itself in program policy but would act instead as a conduit for financial assistance to individual noncommercial stations.

5. Commercial Broadcasting

The Task Force recommended some liberalization of the FCC's restrictions on the growth of cable television, but at the same time endorsed the notion that there is a social interest in guaranteeing an "adequate" level of over-the-air service. Shortly after the Task Force made its report, the FCC issued proposed rules whose principal thrust is (1) to permit cable systems to import distant signals with the permission of the originating station; (2) to require cable systems to originate programs without commercials as a further condition to being permitted to import distant signals; and (3) to restrict common ownership of cable and over-the-air systems. The Justice Department will want to consider whether to intervene in this rulemaking proceeding to urge the competitive interest.

I can see no persuasive reason for any regulatory limitation on the efforts of cable operators to attract subscribers (with the possible exception of the carriage and nonduplication rules, which are no longer contested). It is quite true that owners of portable television sets and some individuals in out-of-the-way places may be the losers if the growth of cable television leads to a contraction of over-the-air broadcasting. But such an effect is inevitable whenever one technology displaces another (e.g., railroads and stagecoaches). At all events, the likely impact of the cable on the question of over-the-air service, as opposed to its impact on the profits of over-the-air broadcasters, seems grossly exaggerated.

By far the major cost of broadcasting is programming; distribution is relatively minor. Until the population not served by the cable dwindles to insignificance, it will pay advertisers to incur the modest expense of a transmitter in order to reach that population.

However, we cannot be confident that the competitive struggle between the cable operators and the over-the-air broadcasters will lead to the system that maximizes consumer welfare unless the over-the-air broadcasters are permitted to charge the viewer directly. Otherwise the viewer will not be able to vote with his dollar for the preservation of the existing system. Thus, the regulatory ban against pay television should be lifted. By the same token, the cable operator should be free to sell time to advertisers just like the over-the-air broadcasters. On the other hand, the imposition on the cable operators of copyright liability -- or the FCC's substitute device of requiring the cable system that wishes to import distant signals to obtain the permission of the originating station -- is not necessary to equalize the competitive positions of over-the-air and cable companies, at least at this time. Suppose that station X in New York has an audience of 100,000 and that cable operator Y, who has 5,000 subscribers in Chappaqua, decides to carry X's programs on one of channels. X will now be able to increase its rates to advertisers because, thanks to Y, its signal now reaches 105,000 instead of 100,000 households. So long as it does not substitute its own commercials for X's, Y is not "getting away with anything" by virtue of not bearing copyright liability. And thus far, I believe, cable companies have not substituted for the commercials of the originating stations.

The Task Force had little to say about traditional regulatory issues in the broadcasting field, which range from media concentration to controls over the content of programming. I think all such restrictions need to

be critically reexamined and that all or most probably lack persuasive justification. Programming controls could be justified only if broadcasting were a monopoly, and even at the local level it generally is not. Moreover, in considering whether the sources of information and debate in society are monopolized, one must bear in mind the increasing diversity in the television medium as the result of the growth of cable television, and, in addition, the immense variety of competing sources of information and opinion, such as newspapers and magazines. The events of the last year illustrate that freedom of expression has reached unprecedented dimensions. The fairness and equal-time doctrines seem, in short, rather anachronistic.

The concern that the ownership by a single individual or firm of several outlets of expression will lead to diminished diversity in opinion and information rests on the questionable assumption that media entrepreneurs are, in general, also people with strong opinions, which would be tantamount to saying that people who manufacture soap have definite opinions on what a cake of soap should look, smell like, etc. In fact, one would expect a profit-maximizing media owner not to project his own ideas but to leave programming to experts -- his station manager, editors, etc. I would urge a general deemphasis of programming and ownership restrictions. But this is plainly a long-term project of reform, rather than an immediate issue except insofar as cross-ownership of cable and over-the-air companies is concerned.

6. <u>The Domestic Telephone and Telegraph Industry</u>

The Rostow Task Force recommended freer entry into a number of domestic communications services and a study, which I believe to be well worthwhile but will not discuss further here, of the feasibility of integrating

Western Union's telegram service with the Post Office. The Justice Department has participated actively in FCC proceedings involving competition in domestic communications markets. In both the pending MCI case, which involves an application to provide a specialized long-distance service between Chicago and St. Louis, and the pending FCC computer inquiry, the Department has been urging liberalized entry. It must soon be decided whether the Department will continue to participate actively in urging greater competition.

It was, I believe, generally agreed in our discussion in New York that there are only two persuasive reasons for limiting entry into the telephone or telegraph business. The first is that where entry involves actual physical interconnection with existing carrier facilities there is a danger of impairing the integrity of the carrier network. This problem appears, however, to be of diminishing importance with the development by AT&T of fuse-like devices that protect the network against interference from interconnected equipment, and in any event concern with integrity would not justify refusing entry to firms such as MCI that do not insist on interconnection.

The second reason why free entry might lead to socially undesirable results arises from the FCC's authority to place a floor under rates, an authority that the Commission, with its propensity for the division of markets and the protection of regulated firms, might use to prevent existing carriers from meeting or beating the competition of new entrants, and that could lead to wasteful duplication of plant. As I have previously stressed, therefore, any recommendation for free entry should be coupled with an equally strong recommendation for abandonment of minimum-rate making. The

Commission is in a favorable position to effectuate this reform, for no prospective entrant who was clearly forewarned by the Commission that it would not entertain a minimum-rate complaint could later assert a reliance interest in the exercise of the minimum-rate power. If the entrant expresses willingness as a condition of entry to assume the risk of competitive price responses, limited only by the provisions of the antitrust laws relating to predatory, below-cost pricing, the Commission need feel no compunction about refusing to bail him out should he later regret his choice.

It is relevant here to stress that there is ample precedent for a regulatory agency, and specifically the FCC, to proceed by general rule rather than by a case-by-case scrutiny of particular circumstances. In the Above 890 decision the Commission announced a rule that any firm was free to use certain frequencies of the radio spectrum for internal communications. Similarly, the Justice Department should urge the FCC to announce a rule (1) permitting any firm to enter the communications industry subject only to (a) spectrum limitations and (b) appropriate rules governing interconnection, and (2) remitting any such entrants to their protections under the antitrust laws against the price responses of the existing carriers.

As one element of the general freeing of market forces in this industry, I would urge that the carriers be permitted to expand into related markets without regulatory constraint. Thus, Western Electric should be permitted to sell any kind of equipment and the telephone carriers and Western Union should be permitted to sell data processing services. There are potential efficiencies, possibly of great magnitude, to be obtained from the integration of data processing with closely related functions such as switching.

It would be dangerous to draw a line around the permissible services of the carriers when technology is so fluid.

7. Spectrum Management

The Task Force recommended that spectrum management be centralized in a single Executive Branch agency. The existing practice is for the Chairman of the FCC and the President's Director of Telecommunications Management to divide the usable spectrum into roughly equal parts, with DTM then responsible for making allocations to federal users and the FCC to all others. The issue of spectrum management is a perennial and a troublesome one, but perhaps somewhat less immediate than the others I have discussed. There is, however, a great and growing clamor by certain users of the spectrum, especially mobile users, for a greater allocation of frequencies, and eventually some steps toward more efficient management will have to be taken.

The Task Force's recommendation for centralizing the allocation of frequencies to federal and nonfederal users in a single agency is, along with some particular management suggestions that I shall not go into here, good; but it does not answer the basic problem. The challenge of public policy in this area is not to improve the efficiency of centralized management of the spectrum but to dispense with such management altogether; to replace an inherently inefficient administrative rationing scheme by the price system.

In principle, there is no reason why a resource such as the radio spectrum cannot be governed by a system of transferable private property rights in the same fashion that other resources are allocated in our economy. Anyone who thinks that the practical difficulties of imposing

a property system on a substance superficially so unlike real estate are insuperable forgets that the common law system has been able to develop apparently quite adequate systems of property rights to govern such slippery things as water and ideas. As I emphasized in our discussion in New York, the appropriation system of water law that is followed in the western states, where water is scarcest, provides a highly appropriate framework for a private law of radiation rights. The fundamental problem, alleged to be insoluble, involved in creating such rights -- that a transfer involving a change in uses, e.g., from television broadcasting to mobile radio communication, will interfere with other users -- has precise parallels in the water field, for example when a farmer sells his water right to a municipality which then alters the flow and point of diversion of the waters involved. Other appropriators of the stream may be affected yet the courts and legislatures have developed procedures for resolving these problems which seem to have worked reasonably well.

As a long-run goal of communications policy, therefore, the Administration would be well advised to explore the possibility of transferring the spectrum to the private market, and, as a first step in doing so, of designing limited experiments for testing the feasibility and institutional arrangements of a market system. Some of the underlying studies done for the Task Force will be found helpful in this endeavor. (I might note that were a market mechanism developed, the FCC could get out of the broadcast licensing business altogether, since the market, not the government, would do the job of allocating spectrum rights to broadcasters as to other communications users.)

8. Government Organization in the Communications Field

The Rostow Task Force recommended a bigger budget for the FCC and the creation of a new Executive Branch agency that would be responsible for allocating radio spectrum to all users and for coordinating federal government activities relating to the procurement of communications services and equipment by the federal government, government R & D activities, etc. I believe the first of these recommendations is unfortunate. Before being given new monetary infusions government agencies should be required to show that they are employing their existing resources as efficiently as possible. Since the FCC is widely agreed to do a wretched job, and not only because of scanty resources, additional appropriations would be premature. A clearer need is for the appointment of right-thinking commissioners.

There is no doubt in my mind that the Executive Branch has suffered from an inability to formulate coherent communications policies. It is a fact that the Rostow Task Force was formed because the President was not satisfied with the quality of the advice that he was getting from the existing focal point for Executive Branch policy-making in this area, the Director of Telecommunications Management, who is also the Special Assistant to the President for Telecommunications. One obvious solution would be to replace the present DTM, General O'Connell, a former Chief of the Signal Corps, with someone more knowledgeable about the economic effects and institutional environment of telecommunications; it is striking to observe that O'Connell's staff contains not a single economist, as well as being of generally poor quality save in purely technical areas. Perhaps there is merit to the view, which underlies the Task Force's recommendation for the creation of a new agency, that DTM should be placed within one of the cabinet departments

so that in matters of importance he can mobilize the influence of a cabinet officer behind his decisions. But that seems essentially a detail to be resolved on the basis of further study. The primary needs in the area of organization and personnel, as I see them, are for (1) a reinvigoration of the office of the DTM through replacement of its present head, who is at or near retirement age, and (2) the continuation and expansion of the Justice Department's role in urging on the FCC, and in the councils of the Administration, the interest in demolishing market divisions, encouraging competition, and, in general, promoting greater reliance on the price system as an alternative to administrative control.

TELECOMMUNICATIONS

January 29, 1969

Dear Abbott:

Thanks so much for your letter together with the summary of the Report on Telecommunications. I will be in touch with you within a few days to see if you can come down and counsel with us.

Warm personal regards.

Sincerely,

Robert Ellsworth
Assistant to the President

Mr. Abbott Washburn
Washburn, Stringer Associates, Inc.
4622 Broad Branch Road, N. W.
Washington, D. C. 20008

RE:jl

WASHBURN, STRINGER ASSOCIATES, INC.
4622 BROAD BRANCH ROAD, N. W.
WASHINGTON, D. C. 20008
362-9494

ABBOTT WASHBURN

CALLE RIO SENA NO.63-A
MEXICO 5, D. F., MEXICO
PHONE: 14-55-21

JAN 28 1969

January 27, 1969

Dear Bob,

Last month, at Henry Loomis' request, I prepared a summary of the 450-page report of President Johnson's Task Force on Telecommunications. (The Transition Office was officially refused access to the report by Charles Murphy, LBJ's representative. However, I managed to get hold of a copy through other channels.)

The summary is attached, together with a "Telecommunications Organizational Chronology" and covering letter to Henry.

There is a good deal of substance here that needs review and reconsideration in the light of the new Administration's policies.

Yours,

Abbott Washburn

Hon. Robert Ellsworth
Assistant to the President
The White House
Washington, D. C.

COPY

WASHBURN, STRINGER ASSOCIATES, INC.
4622 BROAD BRANCH ROAD, N. W.
WASHINGTON, D. C. 20008
362-9494

ABBOTT WASHBURN

CALLE RIO SENA NO.63-A
MEXICO 5, D. F., MEXICO
PHONE: 14-55-21

December 28, 1968

Dear Henry,

Again I apologize for the length of this summary. However, the Report on Telecommunications is 450 pages long and to give a fair notion of its major thrusts required more than 2 or 3 pages.

I know I don't have to sell you on the vital importance of communications. Mankind's future progress, here and abroad, is intimately bound up with communications. This Report represents 15 months of solid effort by capable people. Some of the recommendations are far-reaching and bold. Most experts, in and out of government, agree that reforms are overdue, the problems acute. Therefore, the new Nixon Administration can profit from this good groundwork by getting together a high-level group of 4 or 5 experts of its own to go through the Report and report back their recommendations. These would then be considered by President Nixon--leading toward his recommendations to the Congress in this field and also toward appropriate Executive Branch decisions and actions.

If I can be of any further help, please let me know.

Sincerely,

Abbott Washburn

The Honorable
Henry Loomis
1425 4th St., SW
Washington, D. C.
20024

COPY

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ABBOTT WASHBURN

CALLE RIO SENA NO.63-A
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PHONE: 14-55-21

JAN 27 1969

January 24, 1969

Dear Bob,

After our phone conversation today the thought occurred to me: how about appointing a co-chairman along with Leonard Marks, at the same time adding another Nixon delegate or two to the group?

This would make it wholly bi-partisan in character (useful on the Hill if a resulting treaty has to be ratified), would retain Marks' expertise, and likewise insure that the new Administration's ideas are cranked in.

As we discussed, to give adequate time for thorough study the Conference might be adjourned for 90 days and re-convened for substantive action at that time. But this may not be necessary. The Conference opens here in Washington on Feb. 24. This allows about a month of preparation if the new people are assigned soon.

Sincerely,

Abbott Washburn

Hon. Robert Ellsworth
Assistant to the President
The White House
Washington, D.C.

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

OFFICE OF THE DIRECTOR

January 24, 1969

MEMORANDUM FOR MR. DANIEL HOFGREN
The White House

The attached papers provide condensed background information on the International Telecommunications Satellite Consortium (INTELSAT) in response to your questions.

The remainder of your questions pertain to the constitution of the U. S. Delegation to the INTELSAT Conference. With regard to the designation of Leonard Marks as Ambassador, this determination was made by President Johnson. A press release issued at that time is enclosed as Attachment 6. It is, of course, the President's option to make any changes in the Delegation which he might see fit. However, this matter has already been discussed within the State Department and with Secretary Rogers. It is my understanding that he has approved the Delegation membership as designated to date. Additional members of the Delegation will be designated before the Conference and these will, as a matter of course, be passed upon by Secretary Rogers. The additional members are intended to broaden the representation from both industry and government.

It would be my recommendation that questions as to the Delegation be discussed with Secretary Rogers. I feel strongly that the White House should be kept well informed on the remainder of the preparations for this Conference and on its progress once it convenes. The Secretary of State, the Chairman of the Delegation, and I will all be involved in this, but I will pay special attention to keeping you informed, as well as such other members of the White House staff who may become concerned in this Conference.

I believe the information in the footnote below will respond to your questions as to the jurisdictions within the United States Government that are involved in the INTELSAT Conference.

J. D. O'Connell

Attachments

Footnote

Extracts from relevant authorizing documents are quoted as follows:

The Communications Satellite Act of 1962

Title II -- Federal Coordination, Planning, and Regulation

Implementation of Policy

Sec. 201. In order to achieve the objectives and to carry out the purposes of this Act --

(a) the President shall --

(4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

(5) insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system;

Executive Order 11191, "Providing for the Carrying Out of Certain Provisions of the Communications Satellite Act of 1962"

Sec. 3. Secretary of State. (a) The Secretary shall exercise the supervision provided for in Section 201(a)(4) of the Act and, in consonance with Section 201(a)(5) of the Act, shall further timely arrangements for foreign participation in the establishment and use of a communications satellite system.

(b) The Secretary shall have direction of the foreign relations of the United States with respect to the Act, including all negotiations by the United States with foreign governments or with international bodies in connection with the Act.

January 24, 1969

## Summary of Background Concerning the INTELSAT Conference

The formal structuring and declaration of United States national policy in the establishment, ownership, operation, and regulation of a commercial communications satellite system was initiated by Public Law 87-624, 87th Congress, H.R. 11040, August 31, 1962.

This Communications Satellite Act of 1962 declared in part as the policy and purpose of the United States:

> "The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding." (See Attachment 3)

In achieving the objectives and carrying out its purposes, the Act assigned certain responsibilities and authorities to the President of the United States, the National Aeronautics and Space Administration, and the Federal Communications Commission.

It further (Title III) created a Communications Satellite Corporation and structured its organization, purposes, and powers.

Excerpts from Presidential responsibilities are:

> To aid in the planning and foster the execution of the national program;
>
> Provide for continuous review of all phases of development and operation;
>
> Coordinate the activities of governmental agencies;

Exercise supervision over the relationship of the Corporation with foreign governments or entities;

Insure arrangements under which there could be foreign participation;

Insure the availability and appropriate utilization of the communications satellite system for general governmental purposes;

Exercise his authority to attain coordinated and efficient use of the electromagnetic spectrum.

In carrying out the Presidential responsibilities, Executive Order 11191 was issued January 4, 1965. This Executive Order delegated certain of the Presidential responsibilities to the Director of Telecommunications Management and certain of them to the Secretary of State. (See Attachment 5).

On passage of the Communications Satellite Act described above, inquiries were received from foreign nations as to the way in which the U. S. would proceed to carry out the objectives and purposes of that Act. A number of bilateral meetings were held by State Department representatives with governmental representatives of foreign nations, among them Canada and the United Kingdom, and foreign views indicated that some new form of multilateral agreement and organization would be required rather than the numerous bilateral agreements between communication entities which had been traditional in the submarine cable field.

With the organization of the COMSAT Corporation and the appointment of a temporary Board of Directors by the President of the United States, international meetings began to formulate what turned out to be an international joint venture known as the International Telecommunications Satellite Consortium (INTELSAT). These discussions culminated in the preparation of Intergovernmental Agreement and Special Agreement (two copies of these Interim agreements are attached). This agreement was opened for signature and signed by 11 signatories on August 20, 1964. Including the United States, this international joint venture now consists of 63 nations which contribute over 90% of the world's international telecommunications traffic.

The Interim Agreement specified that the Interim Communications Satellite Committee (ICSC) would render a report not later than January 1, 1969, to all signatory members in which all shades of opinion would be presented with regard to permanent Definitive Arrangements. The Interim Agreement also stated that the United States Government would call an international conference within 3 months after the rendering of the report for the purpose of reviewing the report with the objective of reaching agreement on the form of the permanent Definitive Arrangements. The INTELSAT conference is to be held in the U. S. State Department between the dates of February 24 and March 21, 1969.

The principal governing body of the Consortium, known as the Interim Communications Satellite Committee, has completed a set of alternate proposals in a report to all signatories enclosed as Attachment 7.

In order to prepare the U. S. position, a Steering Committee consisting of certain members to be included in the U. S. Delegation was assembled in October 1968 and has held several meetings. The Delegation thus far designated consists of the following individuals:

Representative

The Honorable
Leonard H. Marks (Chairman)
Ambassador
Department of State

Alternate Representatives

Frank E. Loy (Vice Chairman)
Deputy Assistant Secretary of State
for Economic Affairs

Ward P. Allen
Deputy Assistant Secretary of State
for International Organization Affairs

The Honorable
Rosel H. Hyde
Chairman, Federal Communications Commission

John A. Johnson
Vice President, International
Communications Satellite Corporation

James McCormack (Vice Chairman)
Chairman, Communications Satellite Corporation

William K. Miller
Director, Office of Telecommunications
Bureau of Economic Affairs
Department of State

James D. O'Connell
Director of Telecommunications Management
Executive Office of the President

It is my understanding that this Delegation has the approval of Secretary of State Rogers.

The preparations for the conference are now well along and must be completed soon. Teams consisting of representatives of the State Department and COMSAT Corporation have made visits to a number of foreign nations for the purpose of determining views and soliciting support of U. S. positions.

A few of Ambassador Marks' qualifications for the chairmanship of this Delegation are that he was formerly with the FCC, a former Director of the COMSAT Corporation, and a highly respected attorney of many years standing in the communications field practicing before the FCC.

As Director of Telecommunications Management and a member of the Delegation, I have been coordinating the activities of this Steering Committee with the Department of Defense, NASA, and members of the White House staff.

Neither the USSR, nor any of the iron curtain countries, have yet joined INTELSAT. In May of 1968 the Soviet Union extended an invitation to all nations to join their system to be known as Intersputnik. There is little evidence that this invitation resulted in significant international interest. Yugoslavia has indicated interest in attending the forthcoming INTELSAT Conference and an invitation has been sent. Bulgaria has indicated it will attend as an observer, but that it cannot meet the conditions of the invitation that it have a serious interest in joining INTELSAT. The most recent and to some extent the most

surprising element has been the indication from the Soviet Union that they wish to send an observer to the conference. While reserving final decision, subject to further policy determination, it was the view that Soviet participation was a hopeful indication of their interest in becoming a member of INTELSAT. A copy of the minutes of the January 21, 1969, meeting of the Executive Committee of the Delegation is enclosed as Attachment 9.

A copy of the last annual report, prepared in this office, on Activities and Accomplishments under the Communications Satellite Act of 1962 is also enclosed as Attachment 8. The Act requires that this report be forwarded annually to the Congress. This report contains a brief history of the progress of the International Telecommunications Satellite Consortium (INTELSAT).

January 24, 1969

# The INTELSAT Story

The Communications Satellite Act of 1962 (76 Stat. 419, 47 U.S.C. 701-744) created the Communications Satellite Corporation, established Government responsibility for promotion and guidance of the development of communications satellites and launched the U.S. as the world leader in the exploitation of this new technology.

The Act was a result of much study in the Executive Branch, an attempt to develop the technology within the framework of the existing common carrier structure and extensive negotiation and compromise in the Congress.

The operative portions of the Act which established basic policy and alerted foreign governments, particularly the foreign offices as well as the communications agencies, that the United States was embarking on a new role in communications are set out in Section 102 (a) and (b).

DECLARATION OF POLICY AND PURPOSE

SEC. 102. (a) The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding.

(b) The new and expanded telecommunication services are to be made available as promptly as possible and are to be extended to provide global coverage at the earliest practicable date. In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed, toward efficient and economical use of the electromagnetic frequency spectrum, and toward the reflection of the benefits of this new technology in both quality of services and charges for such services.

The Act was approved on August 31, 1962.

Shortly after the Act was passed in August, requests for bilateral talks with the U.S. were initiated by the Canadians and the British.

There had been active European interest in the subject prior to the passage of the Act. In fact, in February 1961, the British Post Office entered into an understanding with NASA providing for the construction of receiving facilities in England. There was soon a similar agreement with the French. AT&T had already launched its TELSTAR experimental program and NASA was engaged in its Relay program.

During 1962 European telecommunications officials discussed regional European cooperation in that field and in December 1962 this was formalized within the European Conference of Postal and Telecommunications Administrations (short title, CEPT).

The Ad Hoc Committee of the CEPT met in Paris on March 11-15, 1963, set up a subcommittee structure and formulated a number of technical and traffic questions for transmittal to the Communications Satellite Corporation.

By this time a number of governmental departments, other than telecommunications administrations, were developing strong interest in the field of communications satellites. These included ministries of foreign affairs and those dealing with space technology. This interest

resulted in a meeting in Paris in May 1963 with foreign ministries of all CEPT member countries invited. This meeting considered communications satellites on an intra-governmental political level rather than on the telecommunications administration level. It considered a number of basic policy questions and decided to convene another meeting in London in July.

In London, July 16-18, 1963, the "European Conference on Space Communications" was established with a Steering Committee, Organizational Committee, Space Technology Committee, and CEPT Ad Hoc Committee. This meeting made the CEPT Ad Hoc Committee (representing the communicators) advisors to the Conference with organizational, financial and legal matters to be dealt with by the Conference.

Between the July meeting and the meeting of the Steering Committee in London, October 14-15, a number of meetings providing for preliminary exchanges of views with the U.S. took place. These were attended by representatives of Comsat Corporation and/or Department of State. Both of these organizations were represented at the London meeting, as well as the Corporation attending a meeting of the Ad Hoc CEPT committee in Bonn, November 14-15 and the Space Technology Committee meeting in London, November 19.

The position of the Director of Telecommunications Management being vacant at that time, the President on June 5, 1963, established an

Ad Hoc Group which was co-chaired by Dr. Jerome B. Wiesner, Director, Office of Science and Technology, and Nicholas deB. Katzenbach, then Deputy Attorney General, to coordinate U.S. participation in the international negotiations with the European Conference.

At a meeting in Rome, November 14-15, the Conference approved the actions of its subcommittees, decided to have a further meeting in Rome on February 10, and invited the United States and Canada to meet with them to discuss the organization of the global communications satellite system. A two-phase approach was contemplated: interim arrangements to get the system organized and off the ground in the next few years and more formal arrangements later on to reflect the broader international aspects of a global system.

A U.S. position paper for this meeting was worked out by State, Comsat and the FCC, and approved by the aforementioned Ad Hoc Group on Communications Satellites.

From this beginning, an extended series of international negotiations culminated in the Agreement between the United States of America and Other Governments and the Special Agreement concluded by certain governments and entities designated by governments done in Washington, August 20, 1964, establishing Interim Arrangements for a global communications satellite system.

This Agreement establishes the Interim Communications Satellite Committee which has adopted the short name INTELSAT. It established the following basic guiding principles:

Desiring to establish a single global commercial communications satellite system as part of an improved global communications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding;

Determined, to this end, to provide, through the most advanced technology available, for the benefit of all nations of the world, the most efficient and economical service possible consistent with the best and most equitable use of the radio spectrum;

Believing that satellite communications should be organized in such a way as to permit all States to have access to the global system and those States so wishing to invest in the system with consequent participation in the design, development, construction (including the provision of equipment), establishment, maintenance, operation and ownership of the system;

Believing that it is desirable to conclude interim arrangements providing for the establishment of a single global commercial communications satellite system at the earliest practicable date, pending the working out of definitive arrangements for the organization of such a system;

Agree as follows:

Article IX of this Agreement provides as follows:

ARTICLE IX

(a) Having regard to the program outlined in Article I of this Agreement, within one year after the initial global system becomes operational and in any case not later than 1st January 1969, the Committee shall render a report to each Party to this Agreement containing the Committee's recommendations concerning the definitive arrangements for an international global system which shall supersede the interim arrangements established by this Agreement. This report, which shall be fully representative of all shades of opinion, shall consider, among other things, whether the interim arrangements should be continued on a permanent basis or whether a permanent international organization with a General Conference and an international administrative and technical staff should be established.

(b) Regardless of the form of the definitive arrangements,

(i) their aims shall be consonant with the principles set forth in the Preamble to this Agreement;

(ii) they shall, like this Agreement, be open to all States members of the International Telecommunication Union or their designated entities;

(iii) they shall safeguard the investment made by signatories to the Special Agreement; and

(iv) they shall be such that all parties to the definitive arrangements may have an opportunity of contributing to the determination of general policy.

(c) The report of the Committee shall be considered at an international conference, at which duly designated communications entities may also participate, to be convened by the Government of the United States of America for that purpose within three months following submission of the report. The Parties to this Agreement shall seek to ensure that the definitive arrangements will be established at the earliest practicable date, with a view to their entry into force by 1st January 1970.

The White House is definitely concerned with the success of the forthcoming INTELSAT Conference by reason of the responsibilities of the President set forth in Section 201 (a) of the Communications Satellite Act.

IMPLEMENTATION OF POLICY

SEC. 201. In order to achieve the objectives and to carry out the purposes of this Act—

(a) the President shall—

(1) aid in the planning and development and foster the execution of a national program for the establishment and operation, as expeditiously as possible, of a commercial communications satellite system;

(2) provide for continuous review of all phases of the development and operation of such a system, including the activities of a communications satellite corporation authorized under title III of this Act;

(3) coordinate the activities of governmental agencies with responsibilities in the field of telecommunication, so as to insure that there is full and effective compliance at all times with the policies set forth in this Act;

(4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

(5) insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system;

(6) take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for general governmental purposes except where a separate communications satellite system is required to meet unique governmental needs, or is otherwise required in the national interest; and

(7) so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad.

Executive Order 11191 dated January 4, 1965, delegated certain of these responsibilities to the Director of Telecommunications Management and the Secretary of State and charged the DTM with aiding and assisting the President with regard thereto.

# A COMPARISON
# SUMMARY OF RECOMMENDATIONS
# OF
# PRESIDENT'S TASK FORCE ON COMMUNICATIONS POLICY

# BOB STUDY OF FEDERAL
# COMMUNICATIONS ORGANIZATIONS

# GAO DRAFT REPORT ON PROGRESS
# MADE TOWARD ESTABLISHMENT
# OF A UNIFIED NATIONAL
# COMMUNICATIONS SYSTEM

Enclosure 4

| ACTIVITY | TASK F | BOB | GAO |
|---|---|---|---|
| A. Assist. FCC | | | |
| 1. Communications Systems Analysis. | X | | |
| 2. Long range economic and technological forecasting. | X | | |
| 3. Contribute to resolution of conflicts within Executive Branch between Government as user and as representative of public interest. | X | | |
| B. Spectrum Management | | | |
| 1. Establish and enfore technical standards and licensing requirements to prevent spectrum waste and pollution. | X | | |
| 2. Conduct long range studies in spectrum management. | X | X | |
| 3. Coordinate Government radio laboratories and R&D centers conducting spectrum research. | X | | |
| 4. Oversight and allocation of public resource-spectrum. | X | X | |
| 5. Assign land mobile frequencies (new entity or FCC). | X | | |
| C. Research and Development | | | |
| 1. Focal point in Government for continuous collecting and monitoring of communications related R&D results and to search for broader applications. | X | | |
| 2. Initiate and organize socially innovative programs. | X | | |

| ACTIVITY | TASK F | BOB | GAO |
|---|---|---|---|
| D. Benefits from new Technology | | | |
| 1. Search out new application which hold promise of social payoff. | X | | |
| 2. Procurement advisor to Government users who lack in-house capability. | X | X | |
| E. Focus of Government Agencies for Communications problems. Increase Capabilities for: | | | |
| 1. Long range planning. | X | X | |
| 2. Long range policy. | X | X | |
| 3. Multi-disciplinary educational program. | X | | |
| F. Operation | | | |
| 1. NCS Transfer FTS to DOD. | | X | |
| 2. Combine Executive Agent and Manager for NCS in OSD. | | X | |
| 3. Provide effective mechanism whereby member agnecies of NCS can advise Manager, NCS. | | X | |
| 4. Policy guidance to Manager NCS - assign to new communications policy organization | | X | |
| G. Provide Technical Assistance to State and Local Governments. | | X | |
| H. An Organization or Entity at the Highest Level of the Executive Branch of the Government and Free of any Conflict-of-Interest be put in Charge of the Government's Telecommunications Activities | | | |
| 1. Provide sufficient resources and stature to enable it to provide the President and the Government with a strong central telecommunications on thereby which would enhance the development of the NCS and serve as the | | | X |

| ACTIVITY | TASK F | BOB | GAO |
|---|---|---|---|
| Government's single voice and final authority on telecommunications matters. | | | |
| 2. Serve as the Government's focal point for telecommunications policy and planning. | | | X |
| 3. Possess sufficient authority to enforce policy and to plan, coordinate and review actions of Federal agencies. | | | X |
| 4. Establish close liaison with BOB for coordinating financial requirements of the NCS operating agencies. | | | X |
| 5. Have an active part in deliberations over the establishment of new capabilities or networks and serve as final authority in the decision making process. | | | X |
| I. Consider Removing ODTM from OEP and Reconstitute it as the New Entity. | | | X |
| J. Consider Assigning Roles and Functions of the Executive Agent and Manager NCS to the New Entity. | | | X |

PROPOSAL I:

Make no organizational changes or functional realignmentsat this time; appoint a group to develop proposed legislation for submission to Congress to realign Federal responsibilities for telecommunications.

DISCUSSION:

Action: Study the Communications Act of 1934, The Communications Satellite Act of 1962, the Acts which established departments and agencies and applicable subordinate elements; other applicable Acts; applicable Executive Orders and department and agency delegation orders to document the placement of responsibility and authority. Analyze available reports (e.g., the Report of the President's Task Force on Communication Policy) and consult with representatives of government, industry, labor, and the public to determine how best to realign Federal responsibilities for telecommunications in order to assure application of the maximum attainable benefits of telecommunications technology to the national interest. Prepare proposed legislation, and subsequent to its enactment realign the Federal government's organization for telecommunications management.

Advantages:

Precipitous - perhaps ill-advised actions will be avoided.

Debate will precede, rather than follow action.

Statutory authorities will be changed to reflect the realities of the last third of the Twentieth Century.

Responsibility will be fixed in statutory authority.

Disadvantages:

Actions will be delayed. The study effort probably will take a year. The coordination period could be long, and the legislative period longer. A probable minimum of two years will be consumed before any realignment occurs; it might be longer - or never.

## LIST OF AUTHORITIES WHO HAVE STUDIED THE PROBLEM AND MADE UPGRADING RECOMMENDATIONS

Note: Position held at time of recommendation

| | | | |
|---|---|---|---|
| (1) | Lee A. DuBridge | -- | President<br>California Institute of Technology |
| (1) | James R. Killian, Jr. | -- | Chairman of the Corporation<br>Massachusetts Institute of Technology |
| (1) | William L. Everitt | -- | Dean of Engineering<br>University of Illinois |
| (1) | David H. O'Brien | -- | Formerly Vice President<br>Graybar Electric Corporation |
| (1)<br>(2) | Irvin Stewart | -- | Formerly President, West Virginia University; formerly Director of Telecommunications Management, Office of Emergency Planning |
| (2) | Haraden Pratt | -- | Form rly Vice President and Chief Engineer, Mackay Radio and Telegraph Company; formerly Vice President, American Cable and Radio Corporation; formerly Telecommunications Adviser to President Truman |
| | William A. Porter | -- | Washington attorney<br>Collins, Robb, Porter and Kistler<br>Formerly Director of Telecommunications, Office of Defense Mobilization |
| | Harold M. Botkin | -- | Assistant Vice President, Long Lines Department, American Telephone and Telegraph Company; formerly Director of Telecommunications, Office of Defense Mobilization |
| (2) | James M. Landis | -- | Formerly an advisor to President Kennedy (Landis Report) |

(1) Members of President Truman's Communications Policy Board (a one year study).

(2) Specific recommendations made during period 1951-1963.

Enclosure 5

| | | |
|---|---|---|
| | Edward A. McDermott | -- Formerly Director, Office of Emergency Planning, Executive Office of the President |
| (2) | Jerome B. Wiesner | -- Dean of Science, Massachusetts Institute of Technology; formerly Special Assistant to the President for Science and Technology; formerly Acting Director of Telecommunications Management and Acting Special Assistant to the President for Telecommunications |
| (2) | Donald F. Hornig | -- Special Assistant to the President for Science and Technology; formerly Acting Special Assistant to the President for Telecommunications |
| (2) | Kermit Gordon | -- Director, Bureau of the Budget |
| (2) | Elmer Staats | -- Deputy Director, Bureau of the Budget |
| (2) | John O. Pastore | -- Chairman, Communications Subcommittee, Committee on Commerce, United States Senate |
| | Oren Harris | -- Chairman, Committee on Interstate and Foreign Commerce, House of Representatives |
| (2) | Chet Holifield | -- Chairman, Subcommittee on Military Operations, Government Operations Committee, House of Representatives |
| | Warren G. Magnuson | -- Chairman, Commerce Committee United States Senate |
| | Buford Ellington | -- Director, Office of Emergency Planning Executive Office of the President |
| | Franklin B. Dryden | -- Deputy Director, Office of Emergency Planning, Executive Office of the President |

(2) Specific recommendations made during period 1958-1965.

PROPOSAL II - Initiate a two phased program.

Phase I: Under the President's authority to reorganize the Government:

Establish the Office of Telecommunications Management as a separate office in the Executive Office of the President.

Transfer to this office:

Personnel/Functions:

| | |
|---|---|
| Now assigned ODTM | 63 |
| Dept. of Commerce: * | |
| Institute for Telecommunication Sciences | 220 |
| Dept. of Defense: | |
| NCS Manager's Office | 60 |
| Detail or Transfer from other departments and agencies | 107 |
| | 450 |

Funds (Millions):

| | |
|---|---|
| 1970 Budget request ODTM + 1969 Supplemental | 2.5 |
| Dept. of Commerce: | |
| ITS | 5.5 |

* Possibly the Wave Propagation Laboratory and its Resources - 96 persons and $2.6 million should be moved to ODTM

Enclosure 2

Funds (Millions):

Dept. of Defense:

| | |
|---|---|
| NCS Manager's Office | 1.5 |
| Reprogram from other departments and agencies | 5.5 |
| | 15.0 |

Establish a National Telecommunications Policy Council, chaired by the DTM and comprised of policy level officials from selected departments and agencies (e.g., Defense, State, Commerce, Transportation, GSA, FCC) as a permanent sub-panel of the National Security Council, responsible to the NSC for telecommunication matters relating to the security of the Nation. The same Council, acting in another role and independent of the NSC should be responsive to all non-security telecommunication matters of Presidential interest.

Phase II: Accomplish the actions identified in Proposal I. The Study Group will be responsible to the President and the NSC through the National Telecommunications Policy Council.

DISCUSSION:

Advantages:

Immediate action will be taken to create an organization at the highest level of the executive branch - free of any conflict of interest - to take charge of the Government's telecommunications activities.

Improved stature and increased resources will enable the ODTM to better provide strong leadership in telecommunications policy, management of the frequency spectrum, development of a unified NCS and fostering application of technology to further the national interest.

Avoids involvement in operational matters other than those directly related to policy development and frequency spectrum management.

The Policy Council will provide an institutional arrangement for policy development, high level coordination, and direct access to highest authority for problem resolution.

Phase II will provide the advantages that:

Statutory authorities will be changed to reflect the realities of the last third of the Twentieth Century.

Responsibility will be fixed in statutory authority.

Disadvantages:

Approximately 400 spaces and 13 million dollars will be added to the Executive Office of the President during Phase I.

Debate will both precede and follow Phase I actions.

PROPOSAL III - Initiate a two phased program.

Phase I: Under the President's authority to reorganize the Government:

Establish the Office of Telecommunications Management as a separate office in the Executive Office of the President.

Transfer to this office:

Personnel/Functions:

| | |
|---|---|
| Now assigned ODTM | 63 |

Funds (Millions):

| | |
|---|---|
| 1970 Budget request ODTM + 1969 Supplemental | 2.5 |

Establish a National Telecommunications Policy Council, chaired by the DTM and comprised of policy level officials from selected departments and agencies (e.g., Defense, State, Commerce, Transportation, GSA, FCC) as a permanent sub-panel of the National Security Council, responsible to the NSC for telecommunication matters relating to the security of the Nation. The same Council, acting in another role and independent of the NSC should be responsive to all non-security telecommunication matters of Presidential interest.

Phase II: Accomplish the actions identified in Propose I. The Study Group will be responsible to the President and the NSC through the National Telecommunications Policy Council.

DISCUSSION:

Advantages:

Immediate actions will be taken to create an organization at the highest level of the executive branch - free of any conflict of interest - to take charge of the Government's telecommunications activities.

Precipitous - perhaps ill-advised actions will be avoided.

Debate will precede rather than follow action.

Improved stature will enable the ODTM to improve its leadership in telecommunications policy, management of the frequency spectrum, development of a unified NCS and application of technology to further the national interest.

The Policy Council will provide an institutional arrangement for policy development, high level coordination, and direct access to highest authority for problem resolution.

Phase II will provide the advantages that:

Statutory authorities will be changed to reflect the realities of the last third of the Twentieth Century.

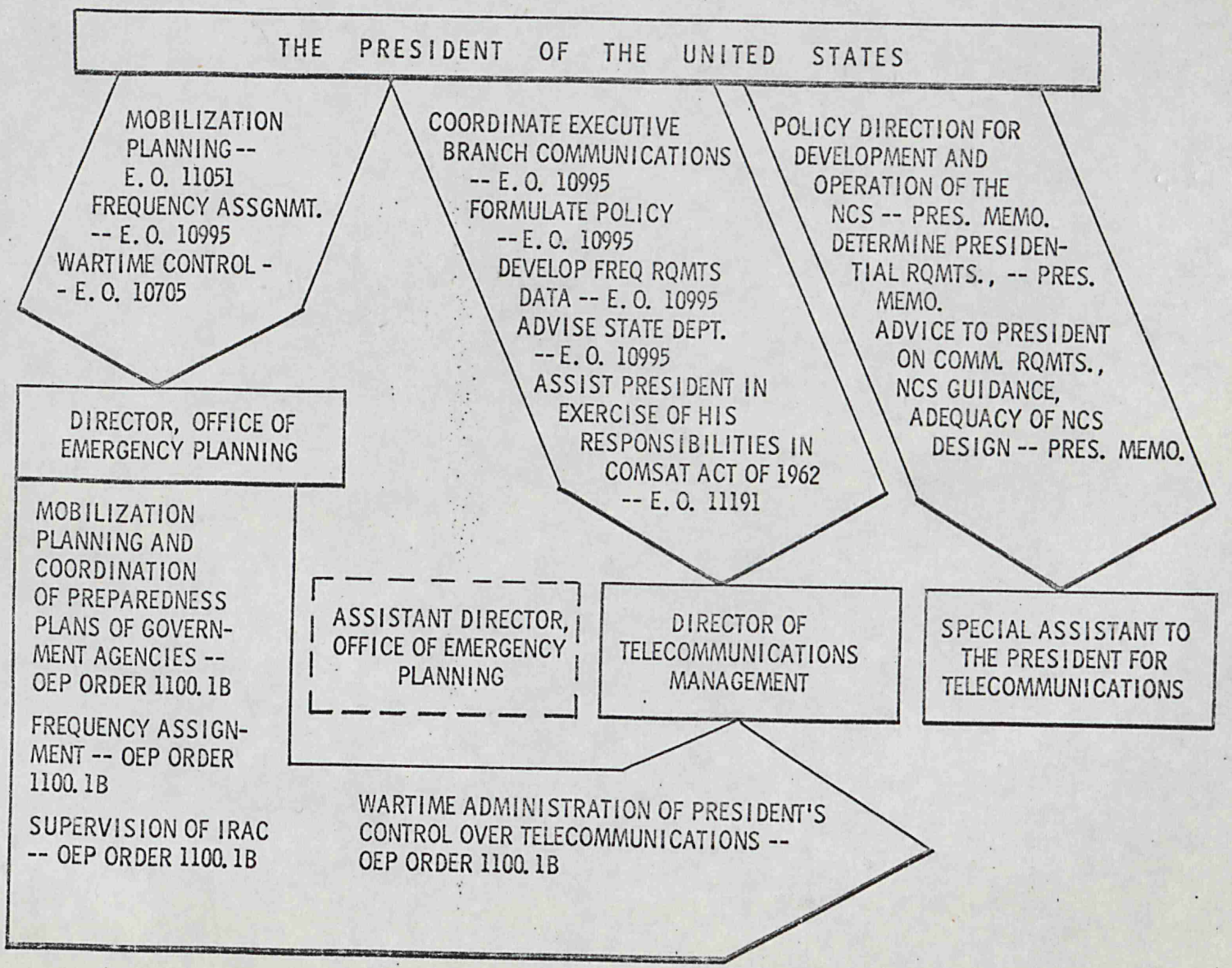
Responsibility will be fixed in statutory authority.

Disadvantages:

Resources required to strengthen the capability of the ODTM will not be under his control.

Time to complete may run for years.

# SOURCE OF AUTHORITY & RESPONSIBILITY ASSIGNMENTS



# Executive Order 10995

## ASSIGNING TELECOMMUNICATIONS MANAGEMENT FUNCTIONS

WHEREAS telecommunications is vital to the security and welfare of this Nation and to the conduct of its foreign affairs;

WHEREAS it is imperative that the United States maintain an efficient and well-planned national and international telecommunications program capable of stimulating and incorporating rapid technological advances being made in the field of telecommunications;

WHEREAS the radio spectrum is a critical natural resource which requires effective, efficient and prudent administration in the national interest;

WHEREAS it is essential that responsibility be clearly assigned within the executive branch of the Government for promoting and encouraging effective and efficient administration and development of United States national and international telecommunications and for effecting the prudent use of the radio frequency spectrum by the executive branch of the Government;

WHEREAS there is an immediate and urgent need for an examination of ways and means of improving the administration and utilization of the radio spectrum as a whole;

WHEREAS there is an immediate and urgent need for integrated short and long-range planning with respect to national and international telecommunications programs, for continuing supervision over the use of the radio frequency spectrum by the executive branch of the Government and for the development of national policies in the field of telecommunications;

NOW, THEREFORE, as President of the United States and Commander-in-Chief of the armed forces of the United States, and by virtue of the authority vested in me by sections 305 and 606 of the Communications Act of 1934, as amended (47 U.S.C. 305 and 606), and by section 301 of Title 3 of the United States Code, it is hereby ordered as follows:

SECTION 1. There is hereby established the position of Director of Telecommunications Management, which position shall be held by one of the Assistant Directors of the Office of Emergency Planning provided for under Reorganization Plan No. 1 of 1958, as amended (72 Stat. 1799).

SEC. 2. Subject to the authority and control of the President, the Director of Telecommunications Management shall:

(a) Coordinate telecommunications activities of the executive branch of the Government and be responsible for the formulation, after consultation with appropriate agencies, of overall policies and standards therefor. He shall promote and encourage the adoption of uniform policies and standards by agencies authorized to operate telecommunications systems. Agencies shall consult with the Director of Telecommunications Management in the development of policies and standards for the conduct of their telecommunications activities within the overall policies of the executive branch.

(b) Develop data with regard to United States Government frequency requirements.

(c) Encourage such research and development activities as he shall deem necessary and desirable for the attainment of the objectives set forth in section 6 below.

(d) Contract for studies and reports related to any aspect of his responsibilities.

SEC. 3. The authority to assign radio frequencies to Government agencies, vested in the President by section 305 of the Communications Act of 1934, as amended (47 U.S.C. 305), including all functions heretofore vested in the Interdepartment Radio Advisory Committee, is hereby delegated to the Director of the Office of Emergency Planning, who may redelegate such authority to the Director of Telecommunications Management. Such authority shall include the power to amend, modify, or revoke frequency assignments.

SEC. 4. The functions and responsibilities vested in the Director of the Office of Emergency Planning by Executive Order No. 10705 of April 17, 1957, as amended, may be redelegated to the Director of Telecommunications Management. Executive Orders No. 10695A of January 16, 1957, and No. 10705, as amended, are hereby further amended insofar as they are inconsistent with the present order. Executive Order No. 10460 of June 16, 1953, is hereby revoked.

SEC. 5. The Director of Telecommunications Management shall establish such interagency advisory committees and working groups composed of representives of interested agencies and consult with such departments and agencies as may be necessary for the most effective performance of his functions. To the extent that he deems it necessary or advisable to continue the Interdepartment Radio Advisory Committee, it shall serve in an advisory capacity to the Director of Telecommunications Management.

SEC. 6. In carrying out functions under this order, the Director of Telecommunications Management shall consider the following objectives:

(a) Full and efficient employment of telecommunications resources in carrying out national policies;

(b) Development of telecommunications plans, policies, and programs under which full advantage of technological development will accrue to the Nation and the users of telecommunications; and which will satisfactorily serve the national security; sustain and contribute to the full development of world trade and commerce; strengthen the position and serve the best interests of the United States in negotiations with foreign nations; and permit maximum use of resources through better frequency management;

(c) Utilization of the radio spectrum by the Federal Government in a manner which permits and encourages the most beneficial use thereof in the public interest;

(d) Implementation of the national policy of development and effective use of space satellites for international telecommunications services.

SEC. 7. Nothing contained in this order shall be deemed to impair any existing authority or jurisdiction of the Federal Communications Commission.

SEC. 8. The Director of Telecommunications Management and the Federal Communications Commission shall assist and give policy advice to the Department of State in the discharge of its functions in the field of international telecommunications policies, positions and negotiations.

SEC. 9. The Director of Telecommunications Management shall issue such rules and regulations as may be necessary to carry out the duties and responsibilities vested in him by this order or delegated to him under this order.

SEC. 10. All executive departments and agencies of the Federal Government are authorized and directed to cooperate with the Director of Telecommunications Management and to furnish him such information, support and assistance, not inconsistent with the law, as he may require in the performance of his duties.

JOHN F. KENNEDY

THE WHITE HOUSE,
*February 16, 1962.*

[F.R. Doc. 62-1801; Filed, Feb. 19, 1962; 10:46 a.m.]

Reprinted from the Federal Register, February 20, 1962 (27 F.R. 1519)

# Executive Order 11084

## AMENDING EXECUTIVE ORDER NO. 10995,[1] RELATING TO TELECOMMUNICATIONS

By virtue of the authority vested in me by Section 301 of Title 3 of the United States Code, and as President of the United States, it is ordered that Executive Order No. 10995 of February 16, 1962, headed "Assigning telecommunications management functions," be, and it is hereby, amended by substituting for Section 3 thereof the following:

"SEC. 3. (a) The authority to assign radio frequencies to Government agencies, vested in the President by subsection 305(a) of the Communications Act of 1934, as amended (47 U.S.C. 305(a)), including all functions heretofore vested in the Interdepartment Radio Advisory Committee, is hereby delegated to the Director of the Office of Emergency Planning, who may redelegate such authority to the Director of Telecommunications Management. Such authority shall include the power to amend, modify, or revoke frequency assignments.

"(b) The authority to authorize a foreign government to construct and operate a radio station at the seat of government vested in the President by subsection 305(d) of the Communications Act of 1934, as amended (47 U.S.C. 305(d)), is hereby delegated to the Director of the Office of Emergency Planning who may redelegate such authority to the Director of Telecommunications Management. Authorization for the construction and operation of a radio station pursuant to this subsection and the assignment of a frequency for its use shall be made only upon recommendation of the Secretary of State and after consultation with the Attorney General and the Chairman of the Federal Communications Commission."

JOHN F. KENNEDY

THE WHITE HOUSE,
*February 15, 1963.*

[F.R. Doc. 63-1874; Filed, Feb. 18, 1963; 10:10 a.m.]

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[1] 27 F.R. 1519.

Reprinted from the Federal Register, February 19, 1963, (28 F.R. 1531)

# Executive Order 11191

## PROVIDING FOR THE CARRYING OUT OF CERTAIN PROVISIONS OF THE COMMUNICATIONS SATELLITE ACT OF 1962

By virtue of the authority vested in me by Section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

SECTION 1. *Definitions.* As used in this order:

(a) The term "the Act" means the Communications Satellite Act of 1962 (76 Stat. 419), and includes, except as may for any reason be inappropriate, that Act as amended from time to time.

(b) The term "the Corporation" means the Communications Satellite Corporation (incorporated on February 1, 1963, under title III of the Act and under the District of Columbia Business Corporation Act).

(c) The term "the Director" means the Director of Telecommunications Management provided for in Executive Order No. 10995 of February 16, 1962.

(d) The term "the Secretary" means the Secretary of State or his designees.

SEC. 2. *Director of Telecommunications Management.* (a) Subject to the provisions of this order, the Director shall generally advise and assist the President in connection with the functions conferred upon the President by the provisions of Section 201(a) of the Act.

(b) The Director shall:

(1) Aid in the planning and development, and aid in fostering the execution, of a national program for the establishment and operation, as expeditiously as possible, of a commercial communications satellite system.

(2) Conduct a continuous review of all phases of the development and operation of such a system, including the activities of the Corporation.

(3) Coordinate the activities of governmental agencies with responsibilities in the field of telecommunication, so as to insure that there is full and effective compliance at all times with the policies set forth in the Act.

(4) Make recommendations to the President and others as appropriate, with respect to all steps necessary to insure the availability and appropriate utilization of the communications satellite system for general Government purposes in consonance with Section 201(a)(6) of the Act.

(5) Help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the communications satellite system with existing communications facilities both in the United States and abroad.

(6) Prepare, for consideration by the President, such Presidential action documents as may be appropriate under Section 201(a) of the Act, make necessary recommendations to the President in connection therewith, and keep the President currently informed with respect to the carrying out of the Act.

(7) Serve as the chief point of liaison between the President and the Corporation.

SEC. 3. *Secretary of State.* (a) The Secretary shall exercise the supervision provided for in Section 201(a)(4) of the Act and, in consonance with Section 201(a)(5) of the Act, shall further timely arrangements for foreign participation in the establishment and use of a communications satellite system.

(b) The Secretary shall have direction of the foreign relations of the United States with respect to the Act, including all negotiations by the United States with foreign governments or with international bodies in connection with the Act.

SEC. 4. *Annual reports.* The Director shall timely submit to the President each year the report (including evaluations and recommendations) provided for in Section 404(a) of the Act.

SEC. 5. *Assistance and Cooperation.* The Director and the Secretary shall effect such mutual coordination, and all other federal agencies concerned, and the Corporation, shall furnish the Director and the Secretary such assistance and documents, and shall otherwise extend to them such cooperation, as will enable the Director and the Secretary properly to carry out their responsibilities under this order and best promote the implementation of the Act in an orderly and expeditious manner. In connection with his responsibilities under section 3 of this order, the Secretary shall consult with the Director and other federal officers concerned, and, as may be appropriate, with the Corporation.

SEC. 6. *Functions reserved.* The functions, or parts of functions, conferred upon the President by the Act that are not assigned herein are reserved to the President.

LYNDON B. JOHNSON

THE WHITE HOUSE,
*January 4, 1965.*

[F.R. Doc. 65-157; Filed, Jan. 4, 1965; 12:39 p.m.]

Reprinted from the FEDERAL REGISTER of January 5, 1965 (30 F.R. 29)

## ESTABLISHMENT OF THE NATIONAL COMMUNICATIONS SYSTEM

*Memorandum to the Heads of Executive Departments and Agencies*

THE WHITE HOUSE,
*Washington, August 21, 1963.*

### CONCEPT AND OBJECTIVES

In order to strengthen the communications support of all major functions of government there is need to establish a unified governmental communications system which will be called the National Communications System (NCS). It shall be established and developed by linking together, improving, and extending on an evolutionary basis the communications facilities and components of the various Federal agencies.

The objective of the NCS will be to provide necessary communications for the Federal Government under all conditions ranging from a normal situation to national emergencies and international crises, including nuclear attack. The system will be developed and operated to be responsive to the variety of needs of the national command and user agencies and be capable of meeting priority requirements under emergency or war conditions through use of reserve capacity and additional private facilities. The NCS will also provide the necessary combinations of hardness, mobility, and circuit redundancy to obtain survivability of essential communications in all circumstances.

Initial emphasis in developing the NCS will be on meeting the most critical needs for communications in national security programs, particularly to overseas areas. As rapidly as is consistent with meeting critical needs, other Government needs will be examined and satisfied, as warranted, in the context of the NCS. The extent and character of the system require careful consideration in light of the priorities of need, the benefits to be obtained, and the costs involved.

Although no complete definition of the NCS can be made in advance of design studies and evolution in practice, it is generally conceived that the NCS would be comprised primarily of the long haul, point-to-point, trunk communications which can serve one or more agencies.

The President has directed the following organizational arrangements relating to the establishment and effective operation of the NCS.

### EXECUTIVE OFFICE RESPONSIBILITIES

In carrying out his functions pursuant to Executive Orders 10705 and 10995 and under this memorandum, the Director of Telecommunications Management shall be responsible for policy direction of the development and operation of a National Communications System. In this capacity, he shall also serve as a Special Assistant to the President for Telecommunications and shall:

a. Advise with respect to communication requirements to be supplied through the NCS; the responsibilities of the agencies in implementing and utilizing the NCS; the guidance to be given to the Secretary of Defense as Executive Agent for the NCS with respect to the design and operation of the NCS; and the adequacy of system designs developed by the Executive Agent to provide, on a priority basis and under varying conditions of emergency, communications to the users of the NCS.

b. Identify those requirements unique to the needs of the Presidency.

c. Formulate and issue to the Executive Agent guidance as to the relative priorities of requirements.

d. Exercise review and surveillance of actions to insure compliance with policy determinations and guidance.

e. Ensure that there is adequate planning to meet future needs of the NCS.

f. Assist the President with respect to his coordinating and other functions under the Communications Satellite Act of 1962 as may be specified by Executive Order or otherwise.

In performing these functions, the Special Assistant to the President for Telecommunications will work closely with the Special Assistant to the President for National Security Affairs; he will consult with the Director of the Office of Science and Technology and the Director of the Bureau of the Budget, as appropriate; will establish arrangements for inter-agency consultation to ensure that the NCS will meet the essential needs of all Government agencies; and will be responsible for carrying on the work of the Subcommittee on Communications of the Executive Committee of the National Security Council which is hereby abolished. In addition to staff regularly assigned, he is authorized to arrange for the assignment of communications and other specialists from any agency by detail or temporary assignment.

The Bureau of the Budget, in consultation with the Special Assistant to the President for Telecommunications, the Executive Agent and the Administrator of General Services, will prescribe general guidelines and procedures for reviewing the financing of the NCS within the budgetary process and for preparation of budget estimates by the participating agencies.

### Executive Agent Responsibilities

To obtain the benefits of unified technical planning and operations, a single Executive Agent for the NCS is necessary. The President has designated the Secretary of Defense to serve in this capacity. He shall:

a. Design, for the approval of the President, the NCS, taking into consideration the communication needs and resources of all Federal agencies.

b. Develop plans for fulfilling approved requirements and priority determinations, and recommend assignments of implementation responsibilities to user agencies.

c. Assist the user agencies and the General Services Administrator with respect to the Federal Telecommunications System to accomplish their respective undertakings in the development and operation of the system.

d. Allocate, reallocate, and arrange for restoration of communications facilities to authorized users based on approved requirements and priorities.

e. Develop operational plans and provide operational guidance with respect to all elements of the NCS, including (1) the prescription of standards and practices as to operation, maintenance, and installation; (2) the maintenance of necessary records to ensure effective utilization of the NCS; (3) the request of assignments of radio frequencies for the NCS; (4) the monitoring of frequency utilization; and (5) the exercise and test of system effectiveness.

f. Within general policy guidance, carry on long range planning to ensure the NCS meets future Government needs, especially in the national security area, and conduct and coordinate research and development in support of the NCS to ensure that the NCS reflects advancements in the art of communications.

The Secretary of Defense may delegate these functions within the Department of Defense subject at all times to his direction, authority, and control. In carrying out his responsibilities for design, development and operation of the NCS, the Secretary will make appropriate arrangements for participation of staff of other agencies.

### Responsibilities of the Administrator of General Services

The Federal Telecommunications System, established with the approval of the President under authority of the Federal Property and Administrative Services Act of 1949, as amended, to provide communications services to certain agencies in the Fifty States, the Commonwealth of Puerto Rico and the Virgin Islands, shall be a part of the NCS and shall be implemented and developed in accordance with approved plans and policies developed pursuant to this memorandum. The Executive Agent and the Administrator of General Services shall be responsible for establishing arrangements to avoid duplication in requests for cost, traffic, and other information needed from agencies served by the FPS.

Nothing contained herein shall affect the responsibilities of the Administrator of General Services under the Federal Property and Administrative Services Act of 1949, as amended, with respect to the representation of agencies in negotiations with carriers and in proceedings before Federal and state regulatory bodies; prescription of policies and methods of procurement; and the procurement either directly or by delegation of authority to other agencies of public utility communications services.

### Agency Responsibilities

All agencies are directed by the President to cooperate with and assist the Special Assistant to the President for Telecommunications, the Executive Agent, and the Administrator of General Services in the performance of the functions set forth above.

This memorandum shall be published in the Federal Register.

John F. Kennedy

[F.R. Doc. 63-9317; Filed, Aug. 26, 1963; 3:49 p.m.]

Reprinted from the Federal Register of August 28, 1963 (28 F. R. 9413)