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	<u>Request</u>	<u>Call</u>	<u>Send</u>	<u>Completed</u>
Frank Norwood Joint Council on Educational Telecommunications (659-9740)	1 now more later /	X /	X	✓ ✓
Timmons	2 or 3			picked up 2 ✓
Ed Crosland 2000 L St. #710	2 or 3		X	✓
Nick Zapple	10 now * 50 later		X	10 sent 5/28 ✓
John Morgan Communications Workers of America 1925 K Street, N. W.	1 now * 11 later		X	1 sent ✓
Robert D. King IBM Corporation Suite 1220 1120 Connect. Ave. N. W. Washington, D. C. 20036	1		X	✓
John Foote Cleary, Gottlieb,	2			2 copies picked up ✓
George Eagle	1	cy. to be held		✓
Bob Samuelson Washington Post 1515 L Street, N. W. (Financial Page)	2		X	✓
General O'Connell				1 sent one ✓
Alan Novak Rm. 701 1225 19th St., N. W. Washington, D. C. 20036	1		X	✓

	<u>Request</u>	<u>Call</u>	<u>Send</u>	<u>Completed</u>
Harrison Sheppard Office of Commissioner Philip Elman Federal Trade Commission	1		X	✓
Cong. Ryan (N. Y.)	1		X	✓
William Capron	1		X	✓
George D. Cary, Deputy Register of Copyrights, Lib. of Congress	1		X	✓
Dr. Walter Radius, NASA	1		X	✓
John M. O'Donnell, Justice	1		X	✓
Holly Puckett , Asst. Service Library Library of Congress	10		X	✓
Richard W. Edwards, Jr., Am. Society of International Law, 2223 Mass Ave., N. W. (Daniel Worthington) 4:35 pm 5/22)	1		Will pick up	✓
Chalmers Marquis, Nat. Assoc. of Educational Broadcasters - ETS 1346 Conn. Ave., N. W.	1		X	✓
Paul Laskin	1		Will pick up	✓
Dale Grubb	1		X	✓
Bill Hickman	1		X	✓
James T. McKenna COMSAT	1		X	✓
O'Connor & Green 1750 Pa. Ave., N. W. Attention: Mr. Halper (Miss Ryan - 298-6020)	1		packed up	✓

Sent

✓ Sen. Magnuson
Chairman
Senate Commerce Committee

1

5/28

✓ Sen. John O. Pastore
Subcommittee on Communications
Senate Commerce Committee

1

5/28

Nicholas Zapple
Communications Counsel
Senate Commerce Committee

50

5/28

✓ Sen. Norris Cotton
(Ranking Republican)
Senate Commerce Committee

1

5/28

✓ Sen. Hugh Scott
(Ranking Republican)
Subcommittee on Communications
Senate Commerce Committee

1

5/28

✓ Honorable Harley O. Staggers
Chairman
Interstate and Foreign Commerce Cmte.
House of Representatives

1

5/28

✓ Honorable Torbert Macdonald
Chairman
Commerce and Power Subcommittee
House Interstate and Foreign Commerce Cmte.

1

5/28

✓ Honorable William Springer
(Ranking Republican)
Interstate and Foreign Commerce Cmte.
House of Representatives

1

5/28

✓ Honorable James T. Broyhill
(Ranking Republican)
Commerce and Power Subcommittee
House Interstate and Foreign Commerce Cmte.

1

5/28

Robert Guthrie
House Interstate and Foreign Commerce Cmte.

14

5/28

		<u>Sent</u>
Lee Johnson RAND Corporation	1	5/28/69
Bill Morrill	1	5/28/69
Library	1	5/28/69
Dr. Drew for PSAC	40	5/28/69
Ken Cole for the President	1	5/28/69
Eugene Rostow Yale University	1	5/28/69
Boyd Nelson Chief, Economics Studies Division Federal Communications Comm. Rm. 534 1919 M Street, N. W.	1	5/29/69
Dr. William Lyons	1	5/29
Mrs. Bellinger , Research (WH)	1	5/29
Marsha Lindsay, Library	1	6/4
Carl Shipley, Republic Nat. Cmte.	1	6/4
Benny L. Kass, Atty. at Law Suite 200, 1819 H St., N. W.	1	6/4
Professor Maurice Levy French Scientific Mission 2011 Eye Street, N. W. Washington, D. C. 20006	1	6/6
Dr. Walter Radius, NASA	5	6/6
Sen. Carl T. Curtis, Attn. Mrs. Slegers	1	6/10
NASA, Moffett Field, Calif. (Ames Research Center-Library)	1	6/10
Don Baker, Justice	1	6/11
Daniel Hunter, Justice	1	6/11
Lawrence Tribe, Nat. Academy of Sciences 2101 Const. Ave., Rm. 204	1	6/12

George Krudravetz
Document Processing Branch
Clearinghouse for Federal,
Scientific, & Technical INformation
Springfield, Va. 22151
(Dr. Lyons suggested this be sent
since they are publishing the staff papers)

6/13/69

Frank Ayres (Timmons' office)

6/13/69

Two copies each to the following:

Jne. 1969

Department of State
Department of Defense
Department of Justice
Department of Commerce
Department of Labor
Department of Health, Education and Welfare
Department of Housing and Urban Development
Department of Transportation
United States Information Agency
National Aeronautics and Space Administration
Bureau of the Budget
Council of Economic Advisers
Office of Science and Technology
National Aeronautics and Space Council
Office of Telecommunications Management

Shirley Brown, Press Office, W.H.

July 7, 1969

Shaffeek Nader (2 cys)
American Association of Junior Colleges
Suite 304
1225 Conn. Ave., N.W. Washington 20036

July 8, 1969

Cong. H. Allen Smith (California)
Rm. 2433 Rayburn Bldg. -- Attn. Helen

7/10/69

Mrs. Barbara Grimes
Librarian
Federal Communications Comm.
Room 201A
1919 M St. , N. W.

8/5/69

THE WHITE HOUSE
WASHINGTON

Called

✓ Edna Lee (149) 398
GPO

✓ BOB Library

✓ Mrs. Fitzgerald

✓ O Connell's office

✓ Ziegler

✓ Klein

✓ James MacKenzie (Compt)

✓ Louis Gilpin 296-2500
(Hill & Knowlton)

✓ Paul Laskin (80) 289-5662

✓ Mrs. Finelow Bu of Standards
(164) 3414

James T. McKenna (COMSAT)
called to ask for 50 copies
of the Task Force Report;
told them we would be
getting a new supply next
week and could give them
one, if that would help.
However, GPO would have
them for sale.

5/26 requested,
sent -
wants to know
when they'll
be printed

THE WHITE HOUSE
WASHINGTON

✓ Call Helen (O'Connell's office)
when we know when the report
will be released. Give~~r~~ her
the requisition # 5182

✓ Call James McKenna 554-6100
when we know when the
Rostow Report will be released.

Edna Lee
GPO

(149) 398

wants to know if the report will be submitted to
GPO for printing and if it is to be for public sale

✓ Louis Gilpin -- Hill & Knowlton -- want to know when copies of the
Rostow Report will be available -- they want to buy some. How much???
296-2500

➤ ✓ Paul Laskin
55 East 86th St.
New York, N. Y. 10028
Wants me to drop him a note when the
Rostow Report is available... for purchase
at the GPO.

➤ ✓ Jim McKenna ~~554-6100~~ -- how much for the report?

~~Smelow, Nat. Bureau of Standards (164) 3414~~ wanted anything that's printed on
telecommunications--
~~Richard Gable (13) 34313~~ will be calling
Office of Computer Info.

5/23/69

6:20

pm

Mr. Hopkins:

I have called Mr. Henning at least 8 times and the line continues to be busy.

Attached is the listing from Mr. Henning and the reference number at the top of the page.

His phone number is Code 149, Extension 2031.

It is important that copies of this report be made available next week, as early as possible. Mr. Whitehead would like you to handle this matter.

Eva Daughtrey

Telecommunications

May 22, 1969

MEMORANDUM FOR MR. HIGBY

As you know, there was a great urgency to get the Report of the Task Force on Telecommunications (Rostow Report) printed as expeditiously as possible. When the President decided to release the report, the only feasible means of having it ready for release prior to hearings was to ask the Budget Bureau to have it printed at GPO. The Budget Bureau paid for the rush printing of a small initial run that was necessary for press and Congressional release and would like to be reimbursed.

The GPO should arrange for printing additional copies. We require 300 additional copies for our use and for the Press Office; OEP requests and will pay for 1,000 copies; and the GPO should print copies for public sale in whatever quantities they normally print for this type of report.

Copies should be available for wider distribution on the Hill, within Government, and the industry early next week. I am advised that GPO can meet this schedule if we emphasize that it is necessary.

We are holding the original copy of the report, which the GPO will need.

Signed

Clay T. Whitehead
Staff Assistant

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

CTWhitehead:ed

*When ordering,
refer to this
number* 199

Mr. Donald E. Gessaman, Budget Examiner
Executive Office of the President
Bureau of the Budget
Superintendent of Planning Service
Government Printing Office

May 20, 1969

Presidential Task Force Report

The following informal estimate is furnished for printing the above:

300 copies, paper bound \$2,050.00

Added one hundred copies:
paper bound 112.69

Specifications:

No. pages:	400 and cover
Trim size:	7 $\frac{7}{8}$ " x 10 $\frac{1}{4}$ "
Type:	Camera copy furnished
Negatives:	Yes
Method of Printing:	Offset
Text paper:	100 lb. white offset
Cover paper:	100 lb. blue vellum
Binding:	Sew, glue on paper covers
Color of ink:	Text - Black Cover - Blue Capico S-33
Storage of:	Negatives 10 $\frac{1}{2}$ weeks

Bernard B. Henning

cc
Plan. Serv.
Jacket
BBH:pw

(149)2031

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

May 20, 1969

MEMORANDUM FOR Mr. Clay T. Whitehead

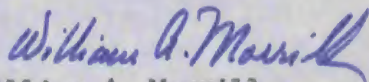
SUBJECT: Task Force Report

This note precedes in time my review of the Lyons prepared material for Mr. Ziegler. I have, however, discussed a release with Joe Laitin, our public information man.

He suggests that we may have some flack if McDonald announces today that the report is released and that we do not have copies available anywhere in the executive branch. I am moving now to find the fastest way possible to get us at least a 100 copies.

When we have the copies in hand, Laitin suggests that Ziegler simply announce that he has available a limited number of copies of the Rostow Task Force Report which are being made available without Administration comment.

I have appended the material which just arrived from Bill Lyons together with my redraft thereof.


William A. Morrill

Attachment

\$2500

THE WHITE HOUSE
WASHINGTON

keep negatives for 2 yrs
+ reduce slightly + new them

P

300 printed

(200 Ziegler

54 Eva

46 Don B.
(6 given out)

300 more

(300 L. (a) 100
400 p - 48720
\$2,050 for 300 8/12/69
for each additional 100 reduce W-papers to 1/2

THE WHITE HOUSE
WASHINGTON

51-6200

BOB Jones

2-20-61

255-1024

24

THE WHITE HOUSE
WASHINGTON

500 plus
whatever
we do

total

50

150B

300 from GPO

270-
270-

THE WHITE HOUSE
WASHINGTON

5/22/69

To: Herb Klein

From: Tom Whitehead

Copies of
package sent
to Ziegler and
Memo to President
on Rostow
Report

Background Material on Communications Task Force Report

Communications policy has been an on going concern of the Government. Since the 1950's, the Government has undertaken more than a half dozen major studies in the communications field. In August of 1967 the previous administration appointed an Interdepartmental Task Force "to make a comprehensive study of communications policy". The report was completed but not released. Without comment on its conclusions and recommendations, this Administration has decided to make copies of the report available. This is one of several reports now under review. This one is being made available at this time to the Congress, the communications industry and the public, as a means of stimulating additional dialogue in this important and difficult field.

A copy of the summary of the major conclusions and recommendations of the Task Force Report is attached. In general, the Task Force Report deals, among other things, with the following questions:

How does an open society attain maximum communication efficiency - internationally and domestically?

Should the United States have a single chosen instrument for international communications?

Is the electromagnetic radio spectrum allocated in the best interest of all parties?

Will a domestic satellite system violate our legal and treaty obligations under the interim agreement to participate in INTELSAT?

How can a permanent international satellite consortium be finalized?

In what way does satellite communications offer new possibilities for educational and instructional television in the United States and in countries less technically developed than ours?

What are the advantages and disadvantages of the newly developing industry of community antenna television?

Is present communication regulation adequate, too restrictive, ineffectual?

Have we sufficient communications resources to guarantee the security of the United States?

What organizational structure will best execute the responsibilities of the Federal Government in the field of communications?

In the 1950's, the President's Communications Policy Board submitted a report on "Telecommunications - A Program for Progress." More recently, the Office of the Director of Telecommunications Management has studied frequency allocation in the Executive Branch, as well as the "National Telecommunications Responsibilities of the Presidency." Industry's Joint Technical Advisory Committee reported on "Spectrum Engineering - The Key to Progress." Congress investigated "Modern Communications and Foreign Policy." The Federal Communications Commission made a "Survey of the Telecommunications Industry."

May 21, 1969

MEMORANDUM FOR THE RECORD

I talked with General Starbird today about communications problems. He impressed me as a quiet and sensible man, probably thoroughly professional but not terribly energetic or imaginative. He had some good solid thoughts on the National Communications System and the need to straighten out our goals in that area. He didn't talk about things he didn't know about. Suggested I talk with Mr. Coffee of the CIA and with a General Pascall who might be useful in a short-run analysis of these problems; says he mentioned Pascall to Abe Lincoln.

Clay T. Whitehead
Staff Assistant

CTWhitehead:ed

THE WHITE HOUSE
WASHINGTON

5/29/69

Press Briefing as requested.

AT THE WHITE HOUSE

WITH RON ZIEGLER

AT 4:25 P.M. EDT

TUESDAY

MAY 20, 1969

MR. ZIEGLER: This is a mini-briefing. I don't have any announcements at all.

You have, I think, in the bins, the toasts from the luncheon today that the President gave for King Baudouin and the Queen of Belgium. In that toast you may notice that the President indicated that he would attend the APOLLO 11 launch. That is in the transcript of the toasts, and the date of the launch is also in the transcript.

Q Is that firm or indicated?

MR. ZIEGLER: Did I say indicate? You should never say indicate in this business. The President said it in the toasts. (Laughter.)

Q But is it firm?

MR. ZIEGLER: Whatever he said, he said. (Laughter.)

Q You have nothing to add to that?

MR. ZIEGLER: I didn't hear it too clearly, but I was told it was in there.

Also, the Presidential Task Force on Communications Policy, which was called for by President Johnson on August 14, 1967, and I believe it was delivered here to the White House sometime in December -- it was prepared under President Johnson's Administration and delivered to the White House during that time. We have released that to the Library of Congress and to Torbert Macdonald's Subcommittee on Communications and Power. We are making it available to them.

We have a copy of it here. It is nine chapters, I think about 400 or 500 pages. We have only one copy today, but we will have 200 copies of that over here tomorrow, which we will make available to those of you interested.

Q Does the President subscribe to the recommendations in there?

Q What has he indicated?

MR. ZIEGLER: The Communications' report was prepared at the request of President Johnson and it was delivered to the Johnson Administration. We simply are making it available. We saw no need to not make it available. We would have no comment on the contents.

MORE

We are making it available to the subcommittee that requested it and to the Library of Congress. It was a Presidential report, requested by the previous Administration.

Q Will those copies be over here early tomorrow?

MR. ZIEGLER: There is one copy here now.

Q Couldn't you make it all available at once so we won't have to fight over it? Can't you wait until you have it available for everybody?

MR. ZIEGLER: That is a good suggestion. We will make all the copies available tomorrow.

Q Is it up at the Library of Congress now?

MR. WARREN: One copy of it is there in the Library of Congress.

Q Does this mean that all the work goes down the drain, or will any be resurrected in terms of this study? Doesn't the White House view it with any interest?

MR. ZIEGLER: I don't know that the content of the material goes down the drain. It is available for those concerned with this area. As I indicated, the Congressional Committee on Communications and Power have it available to them for their work.

Q Ron, is the President thinking about enunciating any broad communications policy in the near future or launching a study of it?

MR. ZIEGLER: No.

Q Or doing anything else in the Executive Branch?

MR. ZIEGLER: No, I don't have anything for you that would say that, Herb.

Q When you say he has not launched a study, I thought he sent a directive to take this Rostow study and report on it to him. Wouldn't that be in the nature of a study?

Q It was given to Dr. DuBridge and to the State Department.

MR. ZIEGLER: I am sorry, I don't have anything on that.

Q Can you find out for us tomorrow what, if anything, is being done with that?

MR. ZIEGLER: I don't know what there is to find out, Herb. The thing I think there is to state is that we are releasing this particular communications' report for your information and we are making it available to the Congressional subcommittee, and that there is no announcement or statement from this office or from the White House on any particular enunciation of communication policy or study.

Q What is this DuBridge thing?

MR. ZIEGLER: There is nothing to announce on that.

Q Why are they studying this thing, for the possibility of action?

MR. ZIEGLER: There was a directive on this. There is no doubt some --I don't recall that directive, but some of you do, and if there is a directive on that, there is some thought being put against this, but there has been no recommendation given to the President on it or no announcement to be made.

Q Do you have a cost figure on that study, Ron?

MR. ZIEGLER: No, I don't.

Q Why is this being released now rather than earlier or later?

MR. ZIEGLER: The subcommittee requested it and there was a determination here at the White House. It has been here at the White House since December and we saw no need to hold it.

Q Are there any travel plans for the weekend you can tell us about at this time?

MR. ZIEGLER: No, sir.

Q Can you tell us who is going with the President on the Trans-Pacific part of his trip?

MR. ZIEGLER: I have no further information.

MORE

Q Is Dr. Kissinger going?

MR. ZIEGLER: He would be going, yes.

Q Is there any thought being given to inviting any of the other allies involved in Vietnam to that meeting?

MR. ZIEGLER: I just don't have any other information on that trip this afternoon, Bob.

Q I think without resorting to the wording, Congressman Ford indicated today that the Supreme Court did not come up at the Congressional breakfast; is that your understanding?

MR. ZIEGLER: At the Congressional meeting?

Q Right, in terms of the vacancies.

Q How does that jive with this?

MR. ZIEGLER: Is that a U.P.I. report?

Q It is. Is that the President's view?

MR. ZIEGLER: I am not going to respond to that. All I can say is that the matter did not come up when I was in the meeting.

Q What does that say?

Q President Nixon today ruled out nominations of any member of Congress for nomination to the Supreme Court until after the 1970 elections, that he asked members of Congress to submit names for vacancies on the court and told of his interpretations of the kind of Justice he would like.

MR. ZIEGLER: Helen, I could not verify that because when I was in the meeting, and I went into the meeting after I made the announcement on the trip, the matter was not discussed. But I will have to check that out.

Q She was there? (Referring to Margaret Chase Smith)

MR. ZIEGLER: Yes, she was there.

Q So you will not be releasing that single copy of the communications report this afternoon, but you will be releasing several hundred tomorrow?

MR. ZIEGLER: Right.

Q Has anyone in this Administration gone through that report and studied it?

MR. ZIEGLER: I can't answer that. I am sure certain members of the staff have looked it over but I don't know how intensive the study was. If your question is, have we looked it over and do we have a comment on it, the answer is, we do not have a comment on it.

Q Are you suggesting that the work is less valid because it was requested by a previous administration?

MORE

MR. ZIEGLER: Absolutely not. We are simply making a report available that was up to now unavailable.

Q You were somewhat ambiguous on weekend travel. Are there any plans?

MR. ZIEGLER: There are no plans for California or Key Biscayne. I don't know if the President will go to Camp David.

Q What about Memorial Day?

MR. ZIEGLER: I don't have any firm information on Memorial Day. There is a chance the President may go to Key Biscayne over that period, but that is by no means firm.

Q In view of the widespread interest on this communications report, would it be possible for you to check with the President's science advisor and others who were mentioned in that initial directive to see if there is continuing study being made of the recommendations? You leave us kind of up in the air.

MR. ZIEGLER: I can check that, sure.

Q Just what they are doing in that area is what we would like.

MR. ZIEGLER: I will find that out and have it for you tomorrow.

MR. WARREN: The Library of Congress does not yet have that report. They will have that available tomorrow.

Q Are you going to announce a new SEC Commissioner soon?

MR. ZIEGLER: I don't have a name before me to announce, no. I don't know if it is soon. I just have not checked that particular point.

Q Are you going to announce a new Tariff Commissioner soon?

MR. ZIEGLER: I have not checked.

Q Have you got a new chairman to announce?

MR. ZIEGLER: No. (Laughter.)

THE PRESS: Thank you.

END

(AT 4:35 P.M. EDT)

Drafted by Johnson Task Force

Communications Policy Plans Finally Released

By Robert J. Samuelson
Washington Post Staff Writer

The White House yesterday released—without endorsing—a massive report on the future of national communications policy, from domestic satellites to cable television.

The report, written by a task force appointed by the Johnson Administration in 1967, was completed last December. Though copies have freely circulated among industry representatives, it has never been made public.

Yesterday release came in response to repeated Congressional requests that the document be made available. The White House sent a copy of the report to Rep. James Broyhill (R-N.C.), the ranking member of a House subcommittee on communications and power policy.

Not Endorsed by Nixon

"The report is being made available at this time in the interests of informed public opinion," Clay T. Whitehead, a White House staff assistant, wrote Broyhill.

At the same time, Whitehead appeared to downplay the report's importance.

"It should be a useful addition to the many other studies of telecommunications problems that have been done over the last few years," he wrote. "I must emphasize that this Administration in no way endorses the recommendations of the task force or its analysis of the issues."

The task force, chaired by Eugene V. Rostow, former Under Secretary of State for Political Affairs, recommended that:

- The Federal Communications Commission immediately authorize a pilot domestic satellite system, which would primarily transmit television signals but would also experiment with other types of long-distance communications, such as the transmission of computer data.

- A new branch of the executive be created to manage the entire frequency spectrum—the available wavelengths over which television, commercial radio, private and governmental transmissions are carried.

- Companies transmitting telephone and telegraph signals abroad be consolidated into one "entity"—a move, which, if endorsed, would bring the owners of rival underseas cables and satellite communication under one roof.

New Study Under Way

Administration sources indicated that these issues—and many of the others raised by the report—are under new study, but that the report is not being used as a "blueprint" for the Nixon Administration's own recommendations.

However, these sources indicated that there is now no disposition to support some of the key recommendations, such as the proposal for a single "entity" for all international communications.

In this area, the task force found that rival companies, with conflicting interests in cable and satellite communication, had, in effect, forced the FCC to approve investment in both systems. A single firm—Comsat was the recommendation of the task force—would be better equipped to decide on the most efficient mix, the task force said.

The Administration reportedly feels, however, that eliminating competition in transoceanic communications is too fundamental a change without a conclusive demonstration that the savings of a single-entity operation will be substantial.

"The case hasn't been made yet," said one official.

Controversial Plans

Almost all the recommendations made by the task force are considered controversial, because they involve not only detailed technical questions but also the vested interests of many large American companies. Cable owners, such as the

American Telephone and Telegraph Co., could be expected to fight consolidation of their facilities into a single firm.

The proposed domestic satellite system raises similar issues. There is general agreement that there should be such a system, but there are rivalries over who should own it and how it should operate.

The task force recommends that the primary ownership and management role in the pilot program go to Comsat, with smaller portion of ownership being assigned to other firms such as AT&T.

Resolution of the domestic satellite controversy technically lies in the hands of the Federal Communications Commission, which has been considering a number of different proposals since 1966.

FCC to Act Soon

The Commission decided to await the results of the task force report and any subsequent action of the executive branch. The FCC has now promised a decision in the near future.

Another issue raised by the task force report, cable television (CATV), actually stimulated the release of the long document.

A subcommittee of the House Committee on Foreign and Interstate Commerce is currently holding hearings on the role of CATV, the use of "community" television antenna to receive programs and then transmit them to individual homes by cable.

The task force strongly supported the use of CATV, and the subcommittee wanted to get a look at the report's recommendations.

Telecommunications

TELEVISION AND CATV

For some time there has been considerable controversy concerning the broadcast transmission system known as CATV or "Cable Television". Its merits and demerits have received widespread publicity and the controversy seems to have heightened since December 13, 1968, when the Federal Communications Commission proposed new rules to govern the future growth of CATV in America.

The National Association of Broadcasters would like to set forth briefly some basic thoughts which it believes should be considered in determining CATV's place in the American communications scene.

Television in the United States has grown and flourished under policies established by the Congress in the Communications Act. Under authority of that Act, and with full acquiescence of the Congress the Federal Communications Commission issued an allocation plan for television to insure a full and fair distribution of television channels so that all of the people would have the benefits of free off-the-air broadcast service.

In order to increase television service by wider use of the frequency spectrum, the Congress enacted the All Channel Receiver Law in 1962, which provides that all new television receivers must be capable of receiving both UHF and VHF signals. The result has been a steady increase in the number of new television stations with the consequent growth in services available to the public.

Community Antenna Television began a few years ago, as a means of providing better reception of television signals in towns remote from television stations or where reception was poor, owing to terrain barriers, such as high mountains. Through the use of a master antenna located atop a hill, broadcast signals were received and retransmitted by cable to subscribers for a monthly fee.

As equipment became more sophisticated, many CATV operators realized they could go into direct competition with the broadcasters by reaching out and importing signals from stations located hundreds of miles away. In many cases, these signals duplicated the programs of the local stations. More recently, an increasing number of systems are originating their own programming on the cable system itself.

Recognizing the potential of unregulated CATV to destroy local broadcast stations by bringing in large numbers of signals from the distant stations not licensed to the local area, the Federal Communications Commission has asserted jurisdiction over all CATV systems. This authority has been sustained by the Supreme Court.

CATV provides a valuable service to a segment of the American people. The broadcasting industry has no wish to harm -- indeed, every reason to help -- CATV as it grows in an orderly fashion as a supplement to free, over-the-air television. But some system operators have

sought to go into direct and unfair competition with broadcasters whose signals they receive free of charge. These are the people with whom broadcasters have their basic argument.

Because the CATV controversy is now before the Congress, a summary of some of the points at issue may be helpful.

1. CATV provides a valuable service when it acts as a supplement to free, over-the-air television.
2. Broadcast television programs are the indispensable ingredient for CATV operation. In short, there would be no CATV if there were no television. It is important that this be kept in mind when considering any question concerning the "rights" and "privileges" of a CATV system versus those of a television station.
3. Unregulated CATV growth has a dangerously destructive potential. The owners of most of the Nation's 60 million television receivers depend upon free over-the-air television service. CATV systems also depend upon this service from their principle ingredient to sell the public. It makes little sense, therefore, if -- to the detriment of both the public and the CATV industry -- the over-the-air system is debilitated or destroyed. Yet history demonstrates that unfair competition can be extremely destructive.

Television stations are licensed in the public interest but are operated as businesses. Like other businesses, the TV station requires a sound economic base. That base consists of the interrelationship of viewers, the station and the station's advertisers. When a CATV system, at no cost to itself, "imports" competing programs from dozens of distant stations into the local station's community, it competes with the local station for viewers. To the extent that it succeeds in siphoning off viewers in favor of distant stations, it destroys the advertising base that sustains the local station. Eventually, this can retard the station's ability to perform public service, news etc., which are usually unprofitable.

A second form of unfair competition is added when the CATV operator uses spare channels to originate competitive entertainment programming, thus siphoning even more viewers. It was to prevent destructive, unfair competition -- particularly for new and embryonic UHF stations -- that the FCC asserted its authority to regulate CATV systems.

4. It should be kept in mind that there is no CATV "out in the country". The high cost of cabling makes it uneconomical to wire up rural areas. People living outside the town or city and its suburbs must depend on broadcast television -- another good reason why CATV should not be permitted to damage broadcast television.
5. CATV costs subscribers money; money that many families cannot afford. Families typically pay \$5.00 or \$6.00 each

month for CATV service. They pay nothing for over-the-air service. Central city poverty-area families need free television service--another reason why CATV should not be permitted to damage free television.

6. CATV could become Pay TV. It is simple to "scramble" one or more CATV channels and levy a special per-program fee to "unscramble" them for viewing special programs. Assuming that CATV systems interconnect nationally, if today's three million subscribers would pay \$1.00 each for a professional football game on a pay channel, CATV could outbid free television. Pay TV, whether by wire or wireless, would thus siphon off the most popular features of free TV.

7. The FCC rules as proposed on December 13, 1968, represent an independent agency's, objective judgment as to how CATV can be a healthy complement to over-the-air broadcasting in America.

8. The rules proposed on December 13, 1968, will not maim or kill the CATV industry. CATV has, of course, not been given the carte blanche that some of its more ambitious leaders wish. However, it is estimated that 80 - 90 per cent of existing systems will be relatively unaffected by proposed rules unless origination of programs by CATV is required (which NAB opposes).

9. Under the Commission's proposed rules there is a healthy growth potential for both existing and new CATV systems. Those broadcasters who, by the hundreds, have invested in CATV evidently share this belief. The Commission itself has encouraged a CATV structure compatible with free broadcasting in the public interest.

10. There is presently no requirement for Congressional action in the CATV-regulatory area.

National Association of Broadcasters
Washington, D. C.

Background Material on Communications Task Force Report

Communications policy has been an on going concern of the Government. Since the 1950's, the Government has undertaken more than a half dozen major studies in the communications field. In August of 1967 the previous administration appointed an Interdepartmental Task Force "to make a comprehensive study of communications policy". The report was completed but not released. Without comment on its conclusions and recommendations, this Administration has decided to make copies of the report available. This is one of several reports now under review. This one is being made available at this time to the Congress, the communications industry and the public, as a means of stimulating additional dialogue in this important and difficult field.

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5/20/69

Copies sent to:

Dr. DuBridge

Herb Klein

William Timmons

Bryce Harlow

Gen. O'Connell

Cong. Wm. Springer

2202 Rayburn

Sen. Carl Curtis

5313 New SOB

Sen. John Pastore

3215 New SOB

Sen. Hugh Scott

260 Old SOB

May 20, 1969

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Sincerely,

Clay T. Whitehead
Staff Assistant

Enclosure

Honorable James T. Broyhill
U. S. House of Representatives
Washington, D. C.

cc: Mr. Flanagan
Mr. Hofgren
Mr. Whitehead
Mr. Rose
Central Files

Dr. DuBridge
Herb Klein
William Timmons
Bryce Harlow
Gen. O'Connell

Cong. Wm. L. Springer
Sen. ^{Carl} Thomas Curtis
Sen. John O. Pastore
Sen. Hugh Scott

CTWhitehead:ed

THE WHITE HOUSE

WASHINGTON

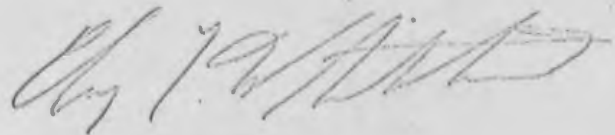
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Staff Assistant

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U. S. House of Representatives
Washington, D. C.

THE WHITE HOUSE

WASHINGTON

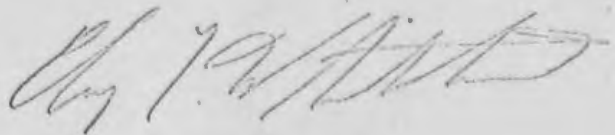
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Clay T. Whitehead
Staff Assistant

Enclosure

Honorable James T. Broyhill
U. S. House of Representatives
Washington, D. C.

THE WHITE HOUSE
WASHINGTON

May 20, 1969

To: Lew Berry

From: Tom Whitehead

As we discussed.

Telecommunications

May 20, 1969

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U. S. House of Representatives
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Sen. Hugh Scott

CTWhitehead:ed

2202 Roybar
Carl
5313
News 1B
3215 New
260 Old
503
Sen. Office

May 20, 1969

MEMORANDUM FOR MR. ZIEGLER

Attached is a background memorandum on the Communications Task Force Report, including a number of the issues that were addressed and a number of previous studies on similar areas that have been done within the last few years.

Also attached is a summary of the 450-page report.

Finally, I have attached a copy of the transmittal letter by which a copy of the report was made available to the Congress.

We estimate that copies for preliminary distribution will be available tomorrow and they will be sent to you as soon as possible.

We are uncertain how much play this will get in the press but are hopeful it will not be too great. Therefore, we recommend no formal press release. I am sure you will be getting a few questions, however.

Clay T. Whitehead
Staff Assistant

Attachments

cc: Mr. Flanigan
Mr. Hofgren
Mr. Whitehead
Mr. Rose
Central Files

CTWhitehead:ed

Background Material on Communications Task Force Report

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CHAPTER TWO

ORGANIZATION OF THE U. S. INTERNATIONAL COMMUNICATIONS INDUSTRY

Conclusions:

1. The existing fragmented ownership structure of the U. S. international communications industry -- particularly the separate ownership of international transmission facilities -- no longer serves the national interest.

2. Of the various alternatives that have been suggested, formation of a single entity for U. S. international transmission, subject to certain conditions, seems to be the most attractive way to deal with the industry's problem:

-- it would promote system optimization and enable realization of the available economies of scale;

-- it would help further U. S. foreign policy objectives;

-- it would resolve the anomalies of Comsat's role and function;

-- it would help resolve the problems of the international record industry;

-- it could improve the prospects for effective government regulation.

3. Creation of the single entity should be subject to certain conditions:

-- it should be limited to that function -- the provision of the transmission and other facilities -- where the economies of scale are clearly so great that effective competition is unlikely;

-- it should not engage in manufacturing that can be provided by the competitive marketplace or have any manufacturing affiliations;

-- it should not provide domestic service, save as may be necessary to permit completion of the pilot domestic satellite program, and should have no domestic carrier affiliation;

-- it should be subject to strengthened government regulation.

Recommendations:

1. Legislation should be enacted to provide for the creation of a single entity for U. S. international transmission through a consolidation of the international transmission plant of AT&T and the international record carriers, Comsat's satellite investments, and the U. S. earth stations now operating or planned for operation with Intelsat satellites. The legislation should embody the following general principles:

- opportunity for full hearing and submission of views by interested parties on the plan of consolidation;
- appropriate protection of labor;
- effective competition be maintained in procurement of apparatus, equipment and services by the single entity;
- single entity to have no manufacturing affiliation, direct or indirect;
- terms of all agreements among interested parties, as well as capitalization and financing of the single entity, subject to government approval;

- single entity forbidden to provide terminal or service functions now offered by the international record carriers, but permitted to deal directly with users;

- provision of 1962 Satellite Act prescribing Executive Branch responsibilities to protect the national interest and further U. S. foreign policy apply with equal force to single entity;

- single entity should not provide domestic service, save as necessary to permit completion of the pilot domestic satellite program, and should have no domestic carrier affiliations;

- users or carriers obtaining leased circuits from the single entity be forbidden to provide terminal or service functions now offered by the international record players.

2. The government should be prepared to take whatever action is necessary to ensure against undue delay in achieving rationalization of the industry structure.

3. Regardless of action taken with respect to principal recommendation that a single transmission entity be created, the government's capability for regulating and supervising the industry should be augmented and the international carriers should be divested of their ownership of Comsat's stock and representation on its board of directors.

CHAPTER THREE

THE FUTURE OF INTELSAT

Conclusions

The success of Intelsat has demonstrated the wisdom of our commitment to a global communication satellite system. We should continue to support the goal of developing and perfecting the global system, taking into account developments since 1964 as well as those new in prospect.

Recommendations

1. The definitive arrangements for Intelsat should be sufficiently flexible to adapt to the changing needs of members and accommodate specialized satellite facilities without weakening the indispensable foundations of the global system.
2. Intelsat's institutional structure and decision making progress should be modified where necessary to reflect changed circumstances since its creation.
3. The U. S. should do its best to ensure that Intelsat continues to be a forum in which communications matters are central; political alignments and difference need not and should not have a place in such an organization.
4. We commend our staff study of the Future of Intelsat to those responsible for formulating U. S. policy with respect to the forthcoming definitive arrangement negotiations.

CHAPTER FOUR

SATELLITE COMMUNICATIONS AND EDUCATION TELEVISION IN LESS DEVELOPED COUNTRIES

Conclusions:

The less developed countries vitally need better communications, both internally and with the rest of the world. Satellites may hold particular promise in this regard: our studies indicate for example, that multipurpose satellite facilities have substantial promise for Latin America, and nation-wide television system offers special promise for India (although substantial software problems would have to be overcome). In general, instructional television deserves high place in the educational priorities of less developed countries.

Recommendations:

1. The U. S. should encourage and support the establishment of regional training centers for use of educational technology as recently proposed in a study for the Organization of American States. */
2. The U. S. should take the lead in encouraging and supporting the use of television as a complementary tool in the educational systems and development programs of less developed countries. In this context, we applaud the pilot program to be undertaken by NASA and the Government of India, involving the use of satellites in the early 1970's on an experimental basis.

*/ Organization of American States. Final Report, Fifth Meeting, Inter-American Cultural Council, Feb. 1968

3. To support the regional centers and the individual country efforts, the U. S. should consider establishing an institute or center capable of performing basic research in ways to increase the educational efficiency of telecommunications media, research in applications of educational technology to meet the needs of less developed countries, and offer training personnel in the techniques developed.

4. In cooperation with private industry, the government should explore the feasibility of developing a low-cost, low-maintenance TV receiver suitable for use with batteries or other sources for use in remote regions that do not have electricity.

5. Less developed nations should be encouraged to explore the potential use of satellites for meeting their communication needs, particularly through regional cooperation, and to look to Intelsat for appropriate assistance.

CHAPTER FIVE

DOMESTIC APPLICATIONS OF COMMUNICATION SATELLITE TECHNOLOGY

Conclusions

Technological developments portend potentially attractive domestic applications of communication satellite technology. Even with today's technology, it may be economically attractive to provide some domestic communication services by satellite. While a prompt start is warranted, there are a number of factors, including spectrum considerations and the impact of our international commitments, which caution restraint in deciding how best to proceed in the domestic satellite field. An operational demonstration pilot domestic satellite program, designed to provide useful technical, operational, economic and other data would be a logical first step in the use of satellites to meet domestic communications requirements.

Recommendations:

The FCC should give favorable consideration to a demonstration pilot program along the lines described in the report, which included the following features:

- Employs the appropriate advanced technology to obtain needed technical and operational data.
- Participation through investment open to
 - space segment: Comsat as trustee
 - ground environment: Comsat, common carriers, and prospective users of wide-band services, as trustees, approval of specific applications by FCC by weighing the desirability of broad participation and need to ensure an efficient, expeditious program and systemic integrity.

-- Comsat as Program Manager.

-- Free satellite channels for non-commercial and instructional television.

-- Interested parties represented through an Advisory Committee.

-- Consistent with U.S. international commitments and appropriately related to Intelsat.

-- Authorized on basis of 1934 Communications Act and 1962 Communications Satellite Act.

-- Monitored by high level office within the Executive Branch.

CHAPTER SIX

DOMESTIC TELECOMMUNICATIONS CARRIER INDUSTRY

Conclusions

Although the nature of the common carrier industry remains essentially monopolistic in many areas, more liberal policies toward entry of new competitors and new service could improve industry performance by stimulating greater responsiveness to consumer needs, and spurring technological innovation and internal efficiency leading to cost and price reductions. The thrust of public policy should, therefore, be toward freer entry.

The merits of freer entry are less clear in the area of public message telephone service. Maintenance of a monopoly on switching and distribution for the switched message telephone services in a geographic area seems essential to retain the principle of universal access without substantial duplication of facilities or loss of service reliability. Comprehensive government regulation of this industry will continue to be required and government capabilities should be strengthened.

Recommendations

1. Freer entry into supplementary services and into the equipment market should be explored:

- Subject to spectrum limitations, entry into forhire private line toll transmission should be permitted, and regulated on a common carrier basis; existing common carriers should be permitted to compete with new entrants in for-hire private line

toll transmission, but subject to minimum rate regulation which takes into account, to the extent feasible, long-run incremental costs for the specific services and routes involved.

-- Suppliers of private line services (both for-hire and user-owned) should be allowed to interconnect with each other, and with the common carrier private line networks, subject to appropriate standards regarding compatibility and protection.

-- Computer-communications services (tele-processing) should remain open on a non-regulated basis to firms wishing to provide them, except for the telephone carriers.

-- Line sharing, brokering and channelizing should be permitted in all private line services, subject to appropriate technical standards.

-- The carrier equipment market should be opened up to greater competition among suppliers, particularly in the procurement policies.

2. While the prospects of free entry in transmission and local distribution in the public message telephone service are not bright at this time, self-contained private systems (not-for-hire) and user-furnished terminals should be permitted to connect into the message-telephone network, subject to protection of system integrity by development and publication of system standards and, where necessary, provision of protection equipment.

3. Institutional and regulatory changes with respect to the operations of Western Union appear desirable:

-- In order to maintain viable public message service, cost reductions are essential. Partial consolidation of this service with the U.S. Post Office should be explored.

-- Western Union should be permitted to compete on an unregulated basis in teleprocessing.

-- The Telex-TWX should be consolidated in accordance with the recommendations of the FCC telegraph report.

4. The government's capability for promoting efficiency and innovation both in the FCC and the Executive Branch should be strengthened:

-- Legislative action should be considered to ensure more effective review by the FCC of major additions to carriers' plant, inter-carrier contracts, procurements and carrier financing.

-- The FCC requires a larger staff and budget, with a shift in focus to longer-run dynamic considerations, and improved methods and principles of rate regulation.

-- A new Executive Branch capability (as described in Chapter Nine on Federal Roles) should be established to assist the FCC in fulfilling its regulatory responsibilities.

CHAPTER SEVEN

FUTURE OPPORTUNITIES FOR TELEVISION

Conclusions

1. Sound national broadcasting policy should seek to satisfy a wide variety of needs, interests and tastes at low cost to user and viewer.
2. To achieve these goals, television programming must be far more multifaceted than it is today, with broadcasting costs significantly reduced, and many channels available to each user.
3. The requisite conditions are not likely to be fulfilled within the framework of the present structure of the television broadcasting industry, which places primary reliance on local over-the-air stations.
4. Of the various measures that might be pursued to bring us closer to the above goals, the single most promising one is the distribution of television to the home by means of cable, supplemented where appropriate by short-range millimeter wave multipoint wideband radio.
5. At the same time, unfettered cable expansion may involve serious social cost, and should be guarded against by establishing a policy designed to safeguard an adequate minimum level of free over-the-air service.
6. Attention must also be given to problems relating to control of, and access to, the cable medium, and to the need for new sources of programming. This will require an expanded role for the Executive Branch, including promotion of new applications of television for public purposes.

Recommendations:

1. Congress should promptly amend the Copyright Act to impose an appropriate measure of copyright liability on cable television systems.

2. The FCC should pursue without delay policies which allow cable television to develop in accordance with competitive market forces, but which ensure a defined minimum adequate over-the-air service.

3. The FCC should ensure against undue concentration of control over cable systems.

4. The FCC, the Department of Justice and the Congress should scrutinize developing patterns of ownership in the cable industry so that the necessary steps are taken with respect to other conflicts of interest or threats of media domination, particularly by restricting multiple ownership of cable systems as the FCC has done in the case of broadcasting stations.

5. Executive Branch agencies should exercise more active participation in FCC proceedings where they have a legitimate interest.

6. The Federal Government should initiate and support programs designed to test new broadcasting applications to further important public purposes:

-- we recommend a pilot project for South Central Los Angeles, and one for the Navajo Indian reservation in northern Arizona.

7. To further implement the above recommendations will require a new Federal government capability, described more fully in the Chapter Nine on Federal Roles, as well as the assumption of a new role for the

Corporation for Public Broadcasting as a source of assistance in experimenting with various kinds of non-commercial programming to advance public needs.

CHAPTER EIGHT

THE USE AND MANAGEMENT OF THE ELECTROMAGNETIC SPECTRUM

Conclusion:

We are not now making the best use of the electromagnetic spectrum, and present spectrum management goals and capabilities are inadequate to achieve optimum use of the spectrum.

Recommendations:

1. Clear policy objectives and a new approach to spectrum management should be adopted, founded on the basic guideline that we should seek to achieve that combination of coordinated uses of the spectrum which in the aggregate maximize its social and economic contribution to the national welfare, under a continuing framework of public administration.

2. Greater consideration of economic factors is necessary:

-- Annual fees for licensed spectrum use should be imposed.

-- License privileges should be clearly stated for each generic class of spectrum use in terms of interference probability, channel loading, service quality and other factors as appropriate.

-- Procedures should be modified to permit greater transfer of licenses among spectrum users.

-- Procedures should be developed whereby a prospective spectrum user may obtain a license even though this may potentially cause interference to an established user provided that appropriate indemnification arrangements are established.

3. Greater attention to individual spectrum uses should be achieved through "spectrum engineering" and related technical considerations:

- Convert formal block allocations over an appropriate interval to a basic planning guide by service classification.

- Develop a comprehensive spectrum engineering capability for individualized planning and engineering of spectrum uses, and establish improved technical design and operating standards.

4. Increased spectrum management resources are vital.

5. Specific recommendations in selected problem areas:

- Land Mobile (LM) Radio Services

- Authorize LM to use spectrum now allocated for UHF-TV but unusable under present TV station assignment plan, subject to appropriate criteria.

- Establish standards for future LM services to permit closer spacing of base stations using same frequency assignment; encourage greater use of multi-channel radio equipment.

- Encourage development and use of common-user and common-carrier mobile radio systems.

- Establish a range of channel loading criteria.

- Modify sub-allocation of LM bands by user class.

- Enable persons now restricted to Citizens Radio bands to obtain licenses in LM bands.

-- Public Safety.

- Incorporate public safety and other local and state government uses into the government spectrum allocation and management framework.

- Establish operating standards requiring greater frequency sharing.

- Encourage the development of localized common-user mobile radio systems.

-- Television Broadcasting.

- Spectrum resources presently allocated but unusable for TV should be made available for land mobile and other uses.

- Continue studies of alternative techniques for TV broadcasting.

-- Microwave bands (1,000 - 10,000 MHz)

- Radio relay services - establish improved operating standards for greater spectrum re-use and interference protection between systems.

- Communication satellite services - Reevaluate criteria for satellite/terrestrial sharing of all spectrum allocations below 10,000 MHz; conduct the necessary experimental programs to ascertain probability of harmful interference between satellite earth stations and microwave radio relay stations in shared frequency bands below 10,000 MHz; and develop improved criteria and coordination procedures for efficient sharing of spectrum allocations and orbital locations among various domestic and international satellite systems, both government and non-government.

-- Millimeter Wave bands.

- Encourage continuing research and development on use of these spectrum bands, including federal R&D programs.

- Exercise restraint in authorizing exclusive use by either terrestrial or satellite systems pending clarification of feasibility of inter-service sharing.

6. Institutional reforms are needed, requiring legislation to vest overall responsibility for spectrum management (both government and non-government) in an executive branch agency, with appropriate guidance regarding coordination between the spectrum manager and other agencies.

CHAPTER NINE

THE ROLES OF THE FEDERAL GOVERNMENT IN TELECOMMUNICATIONS

Conclusions:

The U.S. needs a coherent governmental framework for formulating and implementing telecommunications policies. The patchwork nature of the present structure is not conducive to optimum performance of the telecommunications activities and requirements of the Federal government.

Recommendations:

1. A new Federal telecommunications capability is urgently needed to integrate the various roles in which the government is now engaged. Without supplanting on-going mission-support telecommunications activities or FCC regulation, the proposed capability should:

- have the necessary multidisciplinary capability to advise and assist the FCC by engaging in communication systems analyses, long-range economic and technological forecasting, delineation of technical and service standards, and review of major system design and investment choices of the industry;

- have centralized responsibility for spectrum management, including government research and development related to spectrum, as discussed in the Chapter Eight on Use of Spectrum;

- have responsibility for studying communications-related research and development for potential application to the mission needs of other agencies, and for the accomplishment of broader national goals;

-- have responsibility for initiating, monitoring and evaluating prototype experiments and pilot programs, and providing assistance to other agencies in connection with such experiments and programs, as discussed in the Chapters Five and Seven on Domestic Satellites and Broadcasting, respectively;

-- provide telecommunications advice and assistance to other Federal agencies, as well as States and local government, on request, especially in connection with procurement;

-- engage in long-range policy planning.

2. The FCC's common carrier regulatory capability should be strengthened through a more comprehensive legislative mandate, increased resources, refocus of priorities and improved methods and principles of regulation, as discussed in Chapters One and Six on the Structure of the U.S. International Communications Industry and the Domestic Common Carrier Industry, respectively.

3. One or more Communications Policy Training Programs should be established with Federal assistance to provide advanced interdisciplinary training at the graduate and mid-career levels.

THE WHITE HOUSE

WASHINGTON

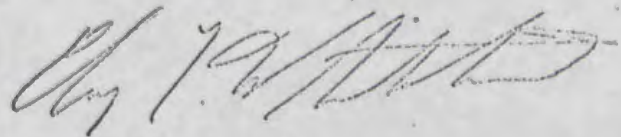
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Staff Assistant

Enclosure

Honorable James T. Broyhill
U. S. House of Representatives
Washington, D. C.

THE WHITE HOUSE
WASHINGTON

May 20, 1969

To: Jerry Warren

From: Tom Whitehead

Copy of memo to the
President on the Rostow
Task Force Report.

THE WHITE HOUSE

WASHINGTON

5/19/69

To: Ken Cole

We would like to get this
signed reasonably quickly
in view of the current
hearings.

Telecommunications

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 domestic 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.

Peter M. Flanigan
Assistant to the President

Mr. Ziegler
cc: Dr. DuBridge
Mr. Flanigan
Mr. Hofgren
Mr. Whitehead ✓
Mr. Rose
Central Files

CTWhitehead:ed

UNITED STATES GOVERNMENT

Memorandum

TO : Dr. C. T. Whitehead

DATE: 20 May 1969

FROM : IOP/PA - William N. Lyons

L

SUBJECT: Backgrounder for the President's Press Secretary in Announcing
Release of the Rostow Report

Does this fill the bill? I have sought to approximate my understanding of the President's approach - present the problems, discuss efforts to alleviate them, and put the action (or decision) into perspective.

Dr. C. T. Whitehead

20 May 1969

IOP/PA - William N. Lyons

Backgrounder for the President's Press Secretary in Announcing
Release of the Rostow Report

Does this fill the bill? I have sought to approximate my understanding of the President's approach - present the problems, discuss efforts to alleviate them, and put the action (or decision) into perspective.

Original needed to Bill
requested

Marshall

as

he

Tuesday 5/20/69

2:05 Dr. Lyons called to say that Gessaman has the
Rostow Report and is on the way to GPO with it.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PREPAREDNESS
WASHINGTON, D. C. 20504

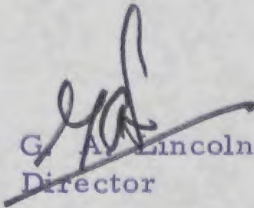
OFFICE OF THE DIRECTOR

May 20, 1969

MEMORANDUM FOR MR. CLAY T. WHITEHEAD

I enclose a memorandum for record which is pertinent to your study on telecommunications.

I recommend you have a talk with Starbird soon. He is a highly informed, very objective, withal moderate, fellow who takes a detached but analytical view on the telecommunications business. I did inform him generally of the BOB study.



G. A. Lincoln
Director

Attachments

OFFICE OF EMERGENCY PREPAREDNESS
EXECUTIVE OFFICE OF THE PRESIDENT
~~OFFICE OF EMERGENCY PLANNING~~

WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

May 20, 1969

MEMORANDUM FOR RECORD

SUBJECT: Conversations with General A. D. Starbird on
Telecommunications

General Starbird organized the Defense Communications Agency and headed it from 1963 to November 1967. He is now Manager of the SAFEGUARD System. There is no more highly respected professional, civilian or military, in government today.

General Starbird commented on the problems and pitfalls of existent and possible organizational arrangements for telecommunications. He said he was not interested in the position of Director, Telecommunications since when he retires from the Army he needs to earn some money for his family (but see below).

General Starbird called me late yesterday in accordance with his promise to suggest names. He gave me half a dozen suggestions with comments on each, rating as to his judgment of their order of competence. He knew only one civilian (now Director of Communications of CIA) whom he felt he could suggest. General Starbird also commented on those he knew among other names that have been furnished for our attention.

General Starbird referred back to my question concerning his interest and commented that:

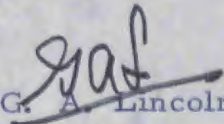
- a. I should not consider him since I probably needed somebody right away and he is not available for at least three months.
- b. He would not want the position without some changes in relationships.

I asked General Starbird to keep his mind open on the position and commented that everyone seemed to be agreed that some changes needed to be made in terms of reference -- the problem is, what changes? I said at the minimum the Executive orders and proclamations needed to be put in one document and brought up to date. General Starbird agreed with my comment and said that he was not sure that the original Eisenhower concept is now completely applicable.

I have some hope that Starbird has not completely closed the door on considering the position. If he did take it, his appointment would, I believe, be accepted by all interested parties and acclaimed by most. The Administration is unlikely to find anyone else ~~as~~ as competent.

As to Starbird's comment about his financial situation, the possible arrangements may be more attractive than he knows. There is, however, the possibility that the President and/or Secretary of Defense would not wish him to retire.

Finally, since the job now involves being an Assistant to the President I do not think that Starbird will move to a situation of very serious consideration without a talk with Mr. Whitehead and Mr. Flanigan.


G. A. Lincoln
Director

ALFRED D. STARBIRD
Lieutenant General, USA

General Starbird graduated from the U. S. Military Academy in 1933 and received a degree in Civil Engineering from Princeton University in 1938.

Prior to World War II, General Starbird served on various Engineer assignments; was a member of the U. S. Olympic Pentathlon Team in 1936; and served as an instructor at the United States Military Academy.

In 1942 he was assigned to the War Department General Staff. He served on temporary duty with the 1st Division Staff during its landings in North Africa and with the Fifth Corps during its landings and early operations in Normandy. He commanded an Engineer Combat Group in the Third Army from January through June 1945 and then returned to the War Department General Staff.

Since World War II, General Starbird has served in various assignments in the Pacific, CONUS and in Europe where he served as Secretary of SHAPE. After two years in the Office of the Chief of Engineers he was named Director of Military Applications of the Atomic Energy Commission and served in that assignment from 1955 to February 1961. In November 1961 he was called from his assignment as Division Engineer, North Pacific Engineer Division to organize Joint Task Force EIGHT and to command it during the planning, preparation and execution of Operation DOMINIC, the 1962 nuclear test series. In October 1962, he was named Director of the Defense Communications Agency and, on August 21, 1963, the additional function of Manager, National Communications System. In November 1967, General Starbird was selected to be the Manager of the SENTINEL System, now the SAFEGUARD System.

MAY 19 1969

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

Dear Mr. Mayo:

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

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

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

*Mr. Whitehead
FBI - PH consider
these thoughts
JMO*

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

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

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

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

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

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

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

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

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

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

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

contribute to its support, reliable mechanisms will need to be established to assure that they have a voice in the design and operation of the MCS. The recommended inter-agency committee (page 28) should be vested with sufficient authority to bring this about. Arrangements will need to be made for minimum essential administrative communication capability by civilian agencies, even in cases of extreme emergency, to prevent unnecessary preemption of important civilian agency operations.

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

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

Sincerely,

MAURICE H. STANS

Secretary of Commerce

DBSmith/tew

CONTROL ##100025

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

WIRE PHONED TO MR. BILL TIMMONS 9:40 PM - 19TH GFS

(BLUE CY SENT DIRECT TO HIS OFC PER HIS REQUEST AM 20TH)

1969 MAY 19 PM 9 06

WA176 (HC) DN GOVT PDB

BT WASHINGTON DC 19 438P EDT

THE PRESIDENT

THE WHITE HOUSE

I RENEW MY REQUEST THAT YOU IMMEDIATELY MAKE AVAILABLE TO THE APPROPRIATE CONGRESSIONAL COMMITTEES THE REPORT OF THE PRESIDENT'S TELECOMMUNICATIONS TASK FORCE. TODAY IS THE FIRST DAY OF HEARINGS ON CATV WHICH ARE BEING HELD BY THE HOUSE COMMUNICATIONS AND POWER SUBCOMMITTEE, OF WHICH I AM PRIVILEGED TO SERVE AS THE CHAIRMAN. IT WAS VERY APPARENT AT THE HEARING

SESSION THIS MORNING THAT THE COMMITTEE SHOULD HAVE THE BENEFIT OF THE FINDINGS OF THE TASK FORCE'S REPORT. TOMORROW, EUGENE ROSTOW, WHO HEADED THE PRESIDENT'S TELECOMMUNICATIONS TASK FORCE, WILL APPEAR BEFORE OUR COMMITTEE. SURELY, THE COMMITTEE SHOULD HAVE AVAILABLE TO IT THE REPORT OF THE TASK FORCE PRIOR TO THE TIME MR ROSTOW TESTIFIES.

I AM ADVISED THAT THE REPORT CONSISTS OF 450 PAGES, IS SUPPORTED BY 300 PAGES OF STAFF FINDINGS AND COST BETWEEN ONE MILLION AND ONE AND A HALF MILLION DOLLARS. IN MY JUDGEMENT, FAILURE TO RELEASE THIS REPORT IS CONTRARY TO THE PUBLIC

INTEREST SINCE THIS INFORMATION COULD BE OF SUBSTANTIAL
ASSISTANCE TO THE CONGRESS AS IT GRAPPLES WITH THE
DIFFICULT PROBLEM
OF TRYING TO FORMULATE SOUND TELECOMMUNICATIONS POLICIES
TORBERT H MACDONALD MEMBER OF CONGRESS.

SOME THOUGHTS ON FEDERAL TELECOMMUNICATIONS REORGANIZATION

I. Consideration of Structural Relationships

The BOB paper on this subject submitted in December 1968 gives considerable weight to the division of roles as between policy formulation, regulation and the government management of its own communications use. This distinction is quite appropriate in a textbook on public administration, but indicates some misunderstanding of the real problems of Federal communications organization. Traditionally, our Federal form of government has been built around a tripartite structure of balance of power as between judicial, legislative and executive organs. The analogy to our current problem is not too clear.

In telecommunications we are dealing primarily with questions of executive responsibility performing in different roles. The objective should be common goals in any capacity. There is a marked interleaving of functions. For example, when FCC denies or assigns a radio frequency to Microwave Communications, Inc., (MCI) to provide leased services between Chicago and St. Louis, the Commission is not merely performing a regulatory function, it is establishing a major policy decision with significant overtones. This decision has impact on the future industrial organization of the communications industry; it enhances or reduces the competitive and innovative direction of the industry. A grant of such frequency will have inevitable effects on

rate structures for both private line customers, and ultimately on public message subscribers. Take a further example. Assume the Federal Government decides to procure an advanced mode of switching for its leased networks. This decision of the government, in its user capacity, has significant impact on policy questions. The very size of government communication procurement tends to slant the direction of carrier R&D effort, to intensify or to restrain investment decisions of the commercial common carriers. In turn, each of these effects on the carriers produce reverberations in associated communications areas. These examples could be extended ad infinitum. They merely serve to illustrate the generalization that there is no clean demarcation of functions as between policy formulation, regulation and government management of its communication use.

The converse situation also merits comments. A "pure" policy planning organization may well generate a bureaucracy without meaningful contribution. The policy body can easily get involved in highly theoretic consideration, or become so far removed from day-to-day operating considerations that its contribution to actual policy formulation becomes minimal while actual policy making occur on an ad hoc basis by the operating agencies or by the industry. In a sense this is what happened to OTM. A communications barrier existed between OTM and the operating agencies such that it never really caught up with, let alone anticipated the questions at issue.

Removed from the operating areas, OTM remained insecure in groping for answers. To be effective, the policy maker must be on top of the problems, including technical, regulatory or operational, in order to understand when to act on policy.

If this analysis of the interrelationship of government roles is broadly valid, it follows that one objective of the present restructuring effort would be creation of a more unified organization than is contemplated by the BOB study.

II. Political Considerations

There are political considerations which are evident in seeking an optimum Federal telecommunications organization. The DOD, for example, has a strong and vocal constituency which tends to abort significant modifications of that Department's part in any activity closely or remotely allied with performance of its military responsibilities. On the other hand, the DOD strength has enabled it to obtain ample budgetary consideration from the Congress virtually without contest. DOD emphasis on communications as an integral arm of its military command and control responsibilities has enabled it to develop the most diverse technical and engineering competence in the communications field within the Federal Government. In fact, however, the bulk of DOD communications requirements are administrative in character, not basically distinct from the kinds of traffic generated by the civilian departments of the government. In lieu of developing a unified, government-wide administrative

communication network serving the common needs of the entire Federal family, DOD has supported "gold plated" systems justifiable for a minor part of its own requirements but which has enveloped its logistic traffic as well. There has been no countervailing force within the executive branch to resist these decisions. Any reorganization of telecommunications functions which might serve the best public interests and wrest a portion of the military network from its immediate control faces this same obstacle. Any proposal which moves in this direction must be balanced by assurance that network integrity will not be impaired, that sizeable overall economies can be achieved and that phasing of any change would be undertaken to permit gradual transfer of military personnel to other spheres of operation.

While DOD may be a prime example, there is no discounting the magnitude of any bureaucratic opposition to change. Any major transformation or shift of responsibilities must be sold at top policy level of the affected departments or agencies.

III. People

Communications operations within the Federal Government is big business. The annual recurring expenditures for leased and operated communications services are at least \$1 billion per year. If the closely allied procurement activities such as navigation, surveillance and electronic services are included, annual government expenditures are probably closer to \$4 billion per year. As noted

above, the role of government in policy formulation and regulation bear uniquely on the government's procurement activities and impact on the general economy. It is contended here that no structural realignment of communications activities will, of itself, resolve the underlying inefficiencies. The problem calls for decisive executive capabilities at the peak of any contemplated structure. Below executive levels one will find a fragmentation of the requisite technical and engineering skills thinly spread throughout the government. There is evident need for concentrating these skills and knowledge in a central household to improve government communication procurement, to generate the basic factual information upon which rationale public policy can be founded, to effect some of the rationalizing functions which are needed. The ability to decide issues is critical. The penchant of the OTM for more and more studies has been a substitute for decision making. There is a woeful lack of continuity in the development and creation of communications managerial talent -- lack of training programs, lack of backup, lack of planning; wasteful employment of talent and resources, a tendency for each agency to husband scarce talent rather than employ it for general government purposes. These are all legitimate problems which will not be answered by a restructuring of governmental telecommunications responsibilities -- but their solution could get underway with knowledgeable and effective leadership.

Consideration of Some Alternative Structural Problems

There is a large number of possible alternative structures which can be considered for improvement of Federal telecommunications organization. The following discussion will be limited to a small number of proposals together with some discussion of advantages and disadvantages of each alternative.

1. Status Quo: There are substantial inertial forces favoring the maintenance of status quo by both the industrial and Governmental sectors. The DTM and FCC have expressed strong opposition to any change in their respective responsibilities or to any realignment of functions. The major broadcasters, the TV networks, the major common carriers as well as the major Government users of radio spectrum generally are favorable to the existing organization and arrangement of the Federal telecommunications structure. Pressures for change have emanated from various sources: the unsatisfied claimants for radio spectrum, COMSAT, the ETV community, electronic manufacturers who seek expansion of their markets, and see in the present regulatory structure major restraints on development of their products; the Congressional and academic critics of existing Government procedures in the telecommunications area. It is believed that pressures for change are so substantial that retention of all telecommunications responsibility in its present form is no longer tenable.

2. DoD: If unification of telecommunications operations and policy responsibilities is a virtue in itself, a primary claimant for this role is the DoD. DoD has the most extensive resources, both technical

and research in the telecommunications field of any department of the Government. It has successfully asserted its needs for military security to obtain high budget priorities and many continue to succeed equally well in the future. There is little dispute among knowledgeable persons in the telecommunications field that greater manpower and resources must be devoted to communications management to achieve some of the objectives of national policy. DoD has had budgetary resources on which to draw for such purposes.

On the other hand, it is generally recognized that DoD has a tendency to view all problems with a military eye. Despite the fact that the overwhelming bulk of its communications requirements are administrative in character, the design of its common user networks has been gilded to comport with its command and control responsibilities. The nation is facing serious questions of priorities including those devoted to communications services. It is believed that major economies could be effected in the Government's own systems if the latter were designed under sparser critique than DoD has exercised. There is still further and, probably, more serious objection to DoD exercising the role of policy maker in telecommunications. It has been traditional public policy for the civilian arms of the Government to perform the civilian functions. It might well be political mayhem to propose the DoD as performing the policy formulation role in telecommunications. Particularly under current criticisms, Congressional opposition would kill any such proposal. For this reason it has been rejected from further consideration.

The operating role of DoD in telecommunications cannot be dismissed as lightly. Here it is important to recognize two forms of telecommunications employed by DoD: probably more than eighty percent of military traffic is generated for administrative purposes, the balance for command-control responsibilities. The networks serving the military, including the common control systems (AUTOVON and AUTODIN) were designed with the command-control responsibilities as the overriding criterion.

In alternative, it would be feasible to design a single administrative network serving the entire Federal Government which would incorporate the usage generated over GSA's FTS system as well as AUTOVON. BoB has proposed that the "network integrator", the National Communications System, be wholly contained within the DoD. This may be logical in view of the major operating requirements of the Department of Defense. It does not fully recognize that the impasse within NCS, since its creation in 1963, has been due to the differing conception of communication requirements called for by the civilian and military dependents of the Government.

What working solution is possible to meet the varying needs -- the economy standards demanded by the civilian agencies, the needs for preemption, priority, 4-wire switching invoked by DoD? A common administrative voice-data network for the entire Government could do the job. DoD would have to be shown that, not only major cost economies to the Government would be effected (a subject with which they have been notably unconcerned), but that network integrity and trunking standards would be maintained at satisfactory levels. DoD would insist on some organizational safeguard to

protect their interests. The problem is similar to the needs which led to creation of the intergovernmental ADP Procurement Committee with representation limited to the Assistant Secretaries of each department. The Committee has reportedly had major success in resolving questions and disputes between departments on standards and procurement of automatic data processing equipment. It meets monthly, is attended by a highly qualified staff providing agenda and discussion papers and has succeeded, to date, in resolving all issues within Committee. Why not a Government Communication Users Committee with equally high level membership, and with multiple service representation in accord with DoD large interests? DoD would still have sole responsibility and control for its pure mission-oriented communications systems. NCS would provide transitional plans for gradual conversion of the military administrative network to a common Government system, but ultimately, once integration is achieved, the agency could be phased out.

3. Directorate of Telecommunications Management (DTM): DTM is the peak authority within the present Federal structure with responsibility for policy formulation. The fact that it has not actually exercised this role has been attributed by General O'Connell, the Director, to a failure of communications between his Office and the White House; to the lack of recognition imparted to his organization by the President. This construction denotes a lack of understanding of how our Government operates. Chief executives cannot address policy questions to each agency and department as they arise, but must look to them for initiative and foresight in recommending the necessary Presidential decisions.

Recently the GAO, in a draft report to the Congress, suggested that the DTM be removed from within the OEP and its responsibilities reinforced by assignment of the NCS as part of the DTM. It is believed this suggestion would make little contribution to the solution of the problems which GAO described in its report. If there has been indecision in the management of Government user networks and an inability to unify these networks, it should be remembered that throughout the life of the NCS the DTM has been its policy advisor and, in large part, has contributed to this procrastination.

It has been suggested that the policy making role of the DTM could successfully be vitalized by the contribution of additional resources, manpower, and funds. It is difficult to escape personalities in commenting on this suggestion. DTM has been largely staffed in its policy functions by retired military and Bell System personnel who have been content with a negative role in their daily contributions. Placing a new hat on an old face may do much for appearance but little for personality. The agency has been dedicated to preservation of status quo. The situation calls for change. New leadership is required and is not likely to come forth from this agency.

Roughly, half of the DTM personnel is associated with work activities of the Interdepartmental Radio Advisory Committee (IRAC). IRAC has been in existence since about 1922. IRAC functions as a Governmental committee to assign radio frequencies to Federal Government users. Its advantage is that it is a working mechanism. There have been no major complaints from its Government membership with respect to inability to obtain

adequate radio frequency assignments. There is hardly reason for complaint. The Federal Government has preemptive rights and has obtained a major portion of the radio frequency spectrum for its own use. IRAC membership plays a mutual "back scratching" operation in behalf of one another. The situation requires greater "system" consideration in behalf of all contenders for use of the spectrum. We require solutions to national spectrum requirements, not that of the Government alone or private users alone. A system of priorities and values, employing economic and social criteria needs development across the board. An increase of the resources made available to IRAC in the form of system analysis personnel, economists, and others is not likely to alleviate this problem so long as the framework for decisions is limited to pure Governmental needs.

4. Commerce Department: DoC possesses major technical and engineering capability in the radio propagation area but with very limited resources beyond this sphere. The National Bureau of Standards and ESSA Laboratories at Boulder, Colorado, in effect, serve all Federal Government agencies as well as private commercial sources in efforts to develop and expand the radio spectrum and in defining propagation characteristics of the various frequency bands. Although the Department has assigned internal staff responsibility to broader communications, activity since the creation of the Task Force in 1968, these efforts have gestated internally with no known public contribution.

There are recognized difficulties in assigning DoC greater authority in telecommunications. For reasons not peculiar to older bureaucracies,

DoC has become a literal holding company of trade associations. Within DoC there are able spokesmen for the communications common carrier industry; representation of the broadcast industry; articulate representation in behalf of the CATV industry; ardent spokesmen for electronic manufacturers, etc. It is difficult to perceive ~~any~~ voice within this medley in behalf of the public interest. It is, of course, true that trade associations have many conflicting interests within themselves. However, it would be coincidence if, out of this diversified trade representation, the public interest viewpoint should arise. Theoretically, it would be possible for DoC to recompose itself to perform effective telecommunications policy responsibilities.

In any restructuring consideration, the technical abilities of DoC in the radio spectrum area should not be overlooked. Departmental strength has lain in a relatively specialized area of radio frequency standards, and measurement of frequency propagation characteristics. It has not engaged in the management aspects of spectrum usage, nor is it known to possess the "system" talent required for this job. Policy responsibility requires a breadth of vision that was not notably displayed by DoC staff during the work year at the Communications Task Force. Comments were largely negative, legalistic and directed to narrowing of the scope of Task Force activity. But the response to BoB, not viewed by the writer, may have displayed all the vitality and comprehension necessary.

Policy responsibility in telecommunications matters encompasses advocacy of the public interest role before the regulatory bodies. Execution of this function would require significant change of directive^{ON} by DoC. The Department has no present competence in this area, but, no doubt, could acquire it.

Department of Transportation

The DOT is the largest civilian user of telecommunications within the Federal Government. It possesses a reasonably large communications staff including frequency management, technical procurement, detailed knowledge of telephonic and radio equipment. It lacks laboratory research facilities except for the NAFEC test and evaluation capabilities at Atlantic City. The Department is a regulator in its own right, through conventional rule making proceedings for the aviation industry. More significant, DOT has intervened repeatedly before the Federal transportation regulatory commission on major public interest issues -- and with, to date, surprising success.

DOT has a number of failings. In its two years of existence it has struggled with the basic statutory requirement for establishing standards or priorities for public funding of the various transport modes. The Department continues to operate, through its key executives, as a "fire-fighting" operation, meeting each alarm in succession, but contributing barely to the long-term planning needs for transportation that was the "coeur de vie" set forth by Congress. Its line responsibilities, reflected in the separate administrations of the Department largely adhere to the viewpoint of their respective constituencies. The secretaries have had difficulty in focusing on the overall questions.

Treatment of national policy considerations in telecommunications are not materially different than faced by DOT in transportation. Both

require certain common disciplines -- systems analysis, economics, engineering; both require effective leadership with an ability to comprehend the problems and the forcefulness to decide; both require a toughness of hide to face the fusillade of criticism when decisions are reached -- there is always an unsuccessful contendor or viewpoint. DOT has assembled the requisite skills, but would need supplement these forces to serve the telecommunications field. While equipped for analyses of the questions, it has not yet demonstrated its capacity to face hostile political decisions.

Some evidence of the relative departmental capacities to rationalize communication functions, to integrate services and economize generally can be obtained from its efforts in-house to date. The FAA and Coast Guard, two of DOT's major administrations, operate relatively large and independent frequency management divisions. An able communications procurement staff within the FAA may be fully employed, but no effort to extend the use of these resources to the other administrations has been made so far. On the other hand, when circumstances demanded the formulation of a government policy with respect to advancing an aeronautical satellite, DOT successfully melded a U.S. Government position.

Department of Post Office

In the long pull, the Post Office Department may prove to be the largest communications user in the Federal Government. If POD

incurred proportionate expenditures directed to development of a relatively inexpensive, high-speed facsimile process as has DOD in pursuit of its military communications requirements, postal service would be far ahead of its present status. The POD has built up a highly capable R&D staff of its own to pursue this, among other objectives. It is an old organization infused with new vitality. The President has proposed a postal reorganization which would make the PMG a non-cabinet post with postal services functioning more akin to COMSAT, than its present government operation. In view of this proposed status of POD, it would be unreasonable to suggest the postal service performing governmental policy or operating authority in the telecommunications area.

Federal Communications Commission

The FCC has been criticized as frequently for what it has done as for what it has failed to do. Internal structural problems are part of the story. The Commission has four principal operating bureaus: The Common Carrier Bureau is responsible for the regulation of domestic and international communication common carriers. The Broadcast Bureau regulates broadcast stations and related facilities. The Safety and Special Radio Services Bureau regulates all other radio stations, including amateur stations and others engaged in communication for safety, commercial or personal purposes. Each bureau is responsible for developing its own regulatory program, considering complaints, conducting investigations and taking part in Commission hearings. The Field Engineering Bureau detects violations of radio regulations, monitors radio transmission, inspects stations, investigates complaints of radio frequency interference and issues violation notices.

Two mutually contradictory criticisms of the Common Carrier Bureau have been: (a) its relative ineffectiveness and (b) charges that it engages in exparte actions. The Bureau staff acts as technical advisor to the Commission -- preparing issues, recommending the institution of investigations or hearings, preparing the decisions and providing continuing advice. The staff seldom testifies and the public record is normally limited to the allegations of the commercial competitors

who appear before the Commission. Public advocacy testimony in the hearing records is notable for its absence. On the other hand, we find the Commission and the Bureau deficient in expressing views with regard to questions of service standards, the rate at which innovation should be incorporated in common carrier system, no guidelines for evaluating tariff rates or service classifications, or whether the design of the nationwide communication systems are consistent with national policy. In large part, decision making on these policy aspects has been made by the carriers on an ad hoc basis to meet particular circumstances. The Commission has been unable to identify the critical technical and economic issues which bear on carrier investment decisions prior to execution of these decisions. While partly acknowledging these infirmities, the Commission attributes such deficiencies to its limited staff (about 150 in Common Carrier Bureau). The fact remains that: (1) a public interest advocacy role is not provided in contested proceedings -- an organ is necessary on which the responsibility for representing the public purpose should fall; (2) a degree of ossification has set in -- too many of the staff prefer the routine and shy from the perceptive, innovative views. The industry is growing and changing rapidly; regulatory concepts must alter with time and problems.

The Broadcast Bureau of the Commission operates very similarly to the Common Carrier Bureau. There are major issues of social policy involved in the licensing of radio and television broadcast stations. For some

reason, this Bureau has been less reluctant to take aggressive public interest postures. Complaint has been directed at the wisdom of Commission decisions, not that policy has been indecisive. A large part of broadcast policy is based on subjective judgments that involve careful accommodation to constitutional consideration (i.e., First Amendment guarantees). It is difficult to point to structural weakness. There is need for staff strengthening.

The Safety and Special Service Bureau is responsible for licensing of non-Federal Government radio stations (except broadcast and experimental) and is the counterpart to the IRAC functions which assigns Federal Government radio frequencies. Much of this work is routine, but the Bureau does initiate hearings on contested radio applications where two or more parties vie for a frequency grant. No mechanism exists for resolving conflicts between IRAC and the FCC. The Bureau has been criticized for the inadequacy of planning and engineering of spectrum use. It has lacked the economic tools for establishing priorities and determining "values" in use of the spectrum. A large part of the administrative and technical work of the Bureau is performed by private organizations. For example, within the land mobile classification the injection of new users depends on the private user associations.

FCC Commissioner Bartlett has recommended the dismantling of Commission functions into separate common carrier and broadcast commissions, with safety and special frequency assignment responsibility to be performed

by DOT. This will not strengthen regulation. While the Bureaus have operated somewhat autonomously of one another, with intermittent coordination at Commission level, this independence is too frequently characteristic of operations within the Bureaus. Thus, the domestic common carrier radio branch will recommend issuance or denial of a frequency grant to a carrier with no consideration by the Rats, Economics or Tariff Division of the Common Carrier Bureau. The separate Bureau operations have discernible impact on one another. However, Commissioner Bartlett's proposal would make permanent the current lack of internal coordination within the Commission.

One possible solution to the absence of public interest advocacy within the Commission would involve a restructuring of the Commission itself. Within the FCC, the Natural Gas and Electric Rate Bureaus provide independent testimony and evidence as direct parties to proceedings initiated by the Power Commission. Ultimately, the Bureau heads are responsive to the will of the Commission, their appointments subject to the pleasure of the Chairman and members of the Commission. While considerable staff augmentation at the FCC would be required, a parallel structure could be created.

A further alternative would be assignment of public interest advocacy to an independent department or agency responsible for policy positions. This is the role the DOT has assumed in transportation cases -- limiting its appearance to issues of major significance. While the Department

has had more than passing success, the regulatory bodies have, on occasion, paid only polite acknowledgment to the views of the transportation policy authority. Perhaps this is as it should be. The regulatory authorities have performed the adjudicatory role, DOT has borne the onus and responsibility for providing public representation.

Can the separate frequency authorities continue to operate as they are? The pressures for a systems approach to radio frequency allocation are too great. There has been virtual unanimity on the part of executive study groups, industry reports and academic investigations that the separate authorities inhibit planning and effective engineering of spectrum uses. A proposed solution would be to vest the FCC with authority over allocation of government frequencies as well as over private frequencies. Neither the Commission nor IRAC have heretofore displayed ability to work with systems tools, broad economic analysis to cope with their subject matter. But there is no reason why they could not, under proper executive direction. Both organizations lack the radio engineering depth available at the Institute of Telecommunications Sciences (ITSa) and the National Bureau of Standards at Boulder, Colorado. The technical expertise of these laboratories associated with radio frequency work should be tied to the central frequency management operation.

Many proposals have been submitted for restructuring the FCC. What changes are deemed necessary, depends on what objectives are sought

and what deficiencies are seen in the existing setup. Common to most evaluations, however, is the observation that larger staffing and improved leadership is required, particularly in the frequency management area. Some economies may be achieved through centralization of responsibility. Yet all departments utilize spectrum and require permanent frequency staffs, if only to monitor house needs and utilization. A central staff should be capable of doing things which are simply not being undertaken at this time. The field is a natural for the operations analyst, the systems studies engineer and economist. The question is where and who?

It should be clear from previous discussion of the departments that no panacea is available. It is possible to sever the authority over spectrum from other FCC responsibilities, recognizing that some problems will arise. An important distinction to recognize is that between primary frequency management responsibility and specific ~~allocation~~ ^{ASSIGNMENT} responsibility. The former should be concerned with the determination of criteria and standards for allocating portions of the spectrum to user classes. Within these broad allocations, specific grants or assignments are made to individual users, sometimes, as in the radio broadcast services, only after extended hearing. There are different types of skills required for the two responsibilities, although the functions obviously feed into one another. The point here is that it is practicable to establish frequency management within a policy authority, while retaining the assignment process within the FCC.

Part of both operations are subject to a hearing on role-making process; a larger part of the allocation function requires executive study and action; the latter more frequently characterized by adversary proceedings which the Commission is familiar with.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PREPAREDNESS
WASHINGTON, D. C. 20504

OFFICE OF THE DIRECTOR

May 17, 1969

MEMORANDUM FOR HONORABLE PETER M. FLANIGAN
ASSISTANT TO THE PRESIDENT

SUBJECT: Telecommunications Management

Attached is my response to the Bureau of the Budget staff study on telecommunications management. You may wish to have a copy now, since Tom Whitehead is already engaged in assessing this issue.

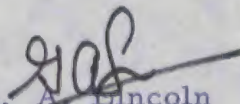
There are some important considerations not included in my reply to BOB. Undoubtedly, the comments of other agencies will note at least some of them. One which they will not note -- and of which you are already aware -- is the necessity to find a new Director of Telecommunications Management (DTM).

The present DTM, General O'Connell, informed me yesterday that he wishes to retire soon. At any rate, he is required by law to retire prior to October 1 because of his age. His deputy died suddenly last year and has not been replaced. There is no apparent prospective director on his present staff. Indeed, two associate directorships have been left vacant. In fact, there are supergrade vacancies which would enable a new DTM to put in his own energizing managerial team -- providing the BOB would lift the personnel ceilings by a few spaces.

In an earlier conversation about personnel matters we anticipated O'Connell's retirement, but not in the context of uncertainties over a reorganization or the possibility of substantial changes in the DTM's duties. We will want to find a highly capable man to be DTM, no matter where his name is going to appear on somebody's organization chart. Recruiting such a man may require some assurances about whether he is going to have a job to do, what his responsibilities will be, and for whom he will work.

These requirements for effective recruitment may act to offset at least partially the arguments for leaving matters alone until we can judge more clearly the effects of our actions. Alternatively, they may reinforce the argument for leaving matters somewhat as they are for the time being, counting on getting a capable DTM by giving him the means to build an effective organization. Much depends upon the extent to which the advantages of freedom in personnel recruitment and the prospect of devices which insure some real policy influence (such as a "chop" on new telecommunications systems) must be assessed against considerations of "visibility".

Two things are clear to me. First, the DTM should not be placed within an executive department. He would be less effective there for reasons which have been recognized. Second, we need to make the organizational outlook known to any prospective DTM. I doubt that we can get the kind of man we want unless we make it clear to him that his office will remain within the Executive Office of the President and that he will have some independent status as a Presidential adviser. The precise location -- whether independent, in OEP, in OST, or some other location -- should be judged in terms of lines to the President and personnel recruitment as well as visibility.


G. A. Lincoln
Director

Attachment

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PREPAREDNESS
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

May 16, 1969

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

Dear Mr. Mayo:

This is in reply to your letter of May 3, received in this office on May 8, requesting comments by May 16 on your staff's Study of Federal Communications.

The study is clearly written; it reflects a commendable effort to come to grips with an exceedingly complex set of problems. I do not reject its recommended solutions but neither can I, for the reasons set forth below, accept them as sufficiently persuasive to indicate the need for a Presidential decision at this time. There are important issues relating to the scope of the study, to changes in direction since it was made, and to questions of organizational feasibility which prompt me to recommend for the time being a course of action which is not explicitly examined in the study.

This study, originated and completed under the previous administration, does not examine the emergency preparedness aspects of telecommunications management. It reflects an earlier situation in which less emphasis was placed on emergency preparedness.

The conditions of 1968 are not, of course, those of 1969. President Nixon gave me very clear guidance even prior to his inauguration that OEP should refocus emphatically on its primary mission -- emergency preparedness. Two former Presidents of the United States -- one from each of our political parties -- impressed upon me the same need in vigorous language.

Telecommunications, insofar as they directly affect our ability to exercise command and control in emergency situations, are an essential component of such preparedness.

Attached hereto are the comments on your study provided me by the Director of Telecommunications Management. His observations embrace several aspects which I have not mentioned, but I note that his general recommendations parallel my own.

I am fully aware that these reasons why we should not reorganize now, while they help to avoid errors of commission, do not answer the questions as to the best arrangement of telecommunications activities. I propose that we leave ODTM under OEP for the time being. This will give OEP an opportunity to continue its efforts to solve the problems facing telecommunications management, including the government's emergency needs.

Sincerely,

G. A. Lincoln
G. A. Lincoln
Director

Attachment

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

OFFICE OF THE DIRECTOR

May 15, 1969

MEMORANDUM FOR GENERAL LINCOLN

SUBJECT: BoB Report - "Study of Federal Communications
Organization"

I have carefully reviewed the "Study of Federal Communications Organization" prepared in December 1968 by staff members of the Bureau of the Budget. My impression is that its central thesis is basically contrary to the ways in which our economic machinery and political institutions function. The BoB concept envisages a unified and greatly expanded Federal Government role in national telecommunications, within both the Government and private sectors; one which would establish telecommunication management as too dominant over Government agency missions and the satisfaction of public and private needs.

The study implies that transfer of the telecommunications management function to the Department of Commerce or the Department of Transportation would in itself significantly improve the environment in which this function is performed. This is an assumption which cannot be supported by available evidence. There are many studied judgments to the contrary.

In the 1934 Communications Act Congress clearly stated its intent to discharge its constitutional responsibility to "regulate commerce" and its intent that the President perform his constitutional responsibilities to administer the Government. In my judgment, separation of the authorities of the FCC and the President will and should continue, regardless of how we organize. Effective cooperation between the FCC and the Executive Office has made the arrangement work. Any action to disrupt this proven relationship would be a disservice to the proper functioning of government.

I agree that there is a welter of Executive Branch authorities in the telecommunications area, and that clarification of responsibility and authority is required. I have presented this need on numerous

occasions. To this end I submitted recommended changes in EO 10995 to the BoB in August 1966. These changes have not been published. The changes would have clarified certain authorities vested in the DTM and would have eliminated some existing conflicts. A BoB directed effort toward this end is appropriate.

The BoB paper questions the validity of all previous studies of telecommunications organization on the basis that they were narrow in scope. This is not correct. Past studies by knowledgeable individuals have resulted in a body of conclusions and recommendations of notable consistency. Every past study, from the BoB's of 1947 to that of the House Committee on Government Operations, has recognized the need and made recommendations for strengthening the direct role of the Executive Office of the President in the development of national telecommunications policy. A history of these efforts is at Attachment 1.

It is clear that BoB's current recommendations are largely based upon the belief that national telecommunications policy is virtually non-existent. This conclusion is not correct. An in-depth study would reveal that there is in fact a substantial body of national policy in national telecommunications.

Telecommunication goals are established and policies are made by the Congress, by the courts, by the President and by the Director of Telecommunications Management/Special Assistant to the President for Telecommunications with respect to the agencies and establishments of the Federal Government, and by the Federal Communications Commission with respect to the public sector. Policy is made through treaties to which the United States adheres with the advice and consent of the Senate; through executive agreements; by executive departments and agencies in the discharge of their telecommunication responsibilities; and by custom and precedent.

It is true that there is no complete officially codified statement of U.S. telecommunication goals and policies designed to support achievement of national goals. Neither is there a codified statement of goals and policies for any other similar commodity, resource, or service; such as aviation, manufacturing, power, or transportation. The facts are that the DTM has enunciated objectives and policies for the use of the radio spectrum applying to agencies and establishments of the Federal Government (Chapter 2 of the Manual of Regulations and Procedures for Radio Frequency Management issued in 1965); he has established or

participated in the development of policy with respect to such items as Government reliance on common carrier communication services (Lease vs Buy); U.S. relation with and dependence on INTELSAT and renegotiation of a definitive arrangement for INTELSAT; merger of U.S. international communication carriers; the National Communications System; emergency preparedness; and Federal-State telecommunication relationships, to name a few. An illustrative list is at Attachment 2.

The FCC makes formal policy in its Rules and Regulations, and in its day-by-day decisions.

I agree that the Office of Telecommunications Management has been underfunded and understaffed. Past efforts to obtain resources adequate to the task have been unavailing. At Attachment 3 is the record of budget actions over the recent years. The modest requests of this office have not been fully met. Their extreme austerity had been arrived at by reason of BoB guidance.

The proposal that there be a single spectrum manager has frequently appeared attractive to those who have examined the problems in frequency management because of the apparent simplicity of the arrangement. It has been assumed generally that a single manager could achieve increased efficiency in the use of the frequency spectrum. However, if thorough consideration is given to all factors of our fundamental governmental principle of checks and balances, it becomes obvious that the assumption is not valid. The functioning of international agreements on frequency allocation and the cooperative arrangements worked out between the FCC and this office appear to make the present arrangements the most effective. Under these arrangements the United States is making much more use of the frequency spectrum than any other nation. Further, assignment of the total responsibility for frequency assignment to the Executive Branch could, and probably would, involve the President personally in resolving frequency disputes among competing claimants from the civil sector, much as he is now involved in international civil airline problems.

The recommendation that telecommunications management be placed in the Department of Commerce (or Department of Transportation) is challenged on several specific counts:

1. The Communications Act of 1934, as amended, and The Communications Satellite Act of 1962, specifically charge the President with responsibilities in the telecommunications

area, while other responsibilities are specifically charged to COMSAT, the Department of State, Department of Justice, NASA and the FCC. It appears clear that a telecommunications management capability must be retained in the Executive Office of the President if the President is to comply with the intent of Congress, and if he is to perform adequately his function of Commander-in-Chief of the Armed Forces and leader of the U. S. economy.

2. The primacy of national security and the over-all national policy aspects of the President's responsibilities for telecommunications argue that his telecommunications management capability be organizationally located where the orientation is to the national interest as a whole. Directly or indirectly a substantial portion of the effort of the Office of Telecommunications Management is focused toward national security affairs. Another agency of the Government, the Federal Communications Commission (FCC), regulates activities of, and assigns frequencies to the commercial telecommunications activities, and to State and local governments. One of the principal functions of my office is to maintain liaison, provide coordination and develop national telecommunications policy in cooperation with this important agency and to assure that national security interests are considered in all national telecommunication policy decisions. The Executive Office of the President, in close affiliation with the Office of Emergency Preparedness, the Bureau of the Budget, and the Office of Science and Technology, offers the proper environment to assure accomplishment of these broad responsibilities. The importance of national security responsibilities of the office is conclusively demonstrated by the fact that Federal Emergency Plan D, approved by the President on March 21, 1968 places the emergency equivalent of this office under the emergency equivalent of OEP in case of a national defense emergency.
3. Conflict of interest charges - justified or unjustified - could not be avoided if frequency allocation and assignment authority were to be vested in a claimant agency. The Department of Commerce and the Department of Transportation are both major users of the frequency spectrum.

The Department of Commerce has about 2800 frequency assignments authorized by the DTM and an estimated investment of \$93 million in communications-electronics equipment. At the moment, the OTM is adjudicating a potential conflict between military radar devices of the Department of Defense and a proposed new meteorological satellite system of the Department of Commerce.

The Department of Transportation, second only to the Department of Defense in frequency authorizations, has over 24,000 frequency assignments and in excess of \$750 million invested in communications-electronics systems.

4. Departments have been generally unsuccessful in their efforts to coordinate - or to direct - the activities of other departments. In that telecommunications are essential for mission accomplishment of all departments, coordination of effort will remain the essence of action in this area. The Executive Office of the President is the ultimate source of authority and has responsibility for over-all coordination of interdepartmental activities, and it is here that the greatest success can be expected in this effort.

Development of the National Communications System is a continuing high priority effort of the Office of Telecommunications Management. Included in these efforts is the merger of government systems when the merger will provide better communications service at less cost. However, such decisions can be made only after thorough cost effectiveness studies have considered all trade-offs. The study proposed by the BoB, i. e., feasibility of merging the FTS with DoD systems is, in fact, under way; but in a much broader context than visualized by the BoB. No limiting preconceptions as to the outcome, as suggested by BoB, inhibit the study group. The Manager, NCS, at my direction, is now in the final definition stage of the NCS concept study. It has been undertaken with the advice and cooperation of the component system operators and the affected common carriers. From this study will emerge a basis to determine whether a given system should be merged with another and under what guidelines it should be accomplished. I am not at this time convinced that merger of the Federal Telecommunications System (FTS) with the Department of Defense (DoD) systems is desirable or economical. The systems were designed for different

purposes, operate on different premises, and have significant incompatibilities. The FTS, operated by the General Services Administration (GSA), provides highly efficient communication services to most of the civil agencies of the Executive Branch at a cheaper unit rate than that provided by the more sophisticated DoD operated systems. However, the concept study may reveal overriding justification to merge the systems. In that event, I shall support the merger.

As to providing assistance to state and local authorities, the record shown at Attachment 2 is evidence of the high priority that I have given this matter. As the implementing provisions of the Intergovernmental Cooperation Act of 1968 become clear, I will request the resources required to maintain the initiative desired by the President.

Additional research capability has been and continues to be a high priority requirement of this office. The record will show that this office has consistently supported increased efforts in this field. There are advantages to transferring guidance of certain Executive Branch telecommunications research activities to the authority of the DTM. If this action is not feasible, increased funds should be appropriated to permit this office to allocate for an adequate research program.

I support the recommendation that procurement assistance be provided to smaller agencies, but withhold concurrence that DoD should provide this assistance until further consultation has been accomplished.

In summary:

I agree that:

1. Telecommunications management in the Executive Branch should be strengthened, and that
2. Clarification of Executive Branch responsibility and authority is required.

I disagree with the proposal that:

1. Telecommunications management be placed in any executive department.

2. Current relevant provisions of the Communications Act of 1934 be disturbed prior to thorough Congressional consideration.
3. Changes in organizational relationships for the NCS be undertaken prior to full consideration by the NSC, which originated and promulgated the concept of an NCS in NSAM 252.
4. Preconceptions on system configuration of the NCS should be advanced at this time. Such preconceptions in a massively complex area such as this, tend to restrict or bias concepts as to how the NCS should be arranged.

I recommend that the Office of Telecommunications Management be retained in the Executive Office of the President, that the ceiling on funds and manpower be raised to a level consistent with the magnitude of the task to be performed, and that the Executive Branch authorities in the field of telecommunications be clarified.

I am prepared to continue and enlarge cooperation with the BoB to work toward attainment of a satisfactory organizational solution.



J. D. O'Connell

3 Atchs

1. History of the Problem of Telecommunications Management in the Executive Office
2. Illustrative List of Policy Delineations of the DTM
3. Record of Budget Actions

May 13, 1969

THE PROBLEM OF TELECOMMUNICATIONS MANAGEMENT
IN THE EXECUTIVE OFFICE

The attached Memorandum for Record concerning the Bureau of the Budget study of telecommunications management reviews the history of studies and recommendations regarding this subject within the Executive Branch.

In summary, the BOB proposal to shunt the problem of telecommunications management and coordination back into the Department of Commerce, even with a substantial increase in personnel and theoretically an increase in scope of authority and responsibility, will satisfy no one. The first administration of radio on behalf of the U.S. Government began in the Department of Commerce in 1910. Secretary Hoover spent a good deal of his time in the mid-20's trying to sort out the problems of the radio spectrum from within a cabinet Department. Much of the authority with regard to telecommunications was removed from the Department by the Radio Act of 1927 which created the Federal Radio Commission (organized on March 15th of that year). The remainder of Commerce's responsibility with respect to telecommunications was transferred to the Federal Radio Commission on July 20, 1932.

Every authority from the BOB's own study of 1947 to the several recent reviews of the subject by the House Committee on Government Operations has recognized the need and made recommendations for strengthening the

direct involvement of the Executive Office in the development of national telecommunications policy.

A comparable history of the studies, proposals and actions in the Legislative Branch would disclose at least as many expressions of concern and proposals for action in relation to telecommunications management. A number of actions over the last 20 years in both the House and Senate have been proposed to deal with various aspects of the telecommunications problem. Enclosure II is a chart prepared some time ago which shows the principal proposals.

Attachments

DRAFT

May 13, 1969

MEMORANDUM FOR THE RECORD

Subject: Study of Federal Communications Organization, Bureau of
Budget, December 1968

The subject Bureau of the Budget study was prepared in response to the President's Message on Communications Policy of August 14, 1967, which among other actions charged the Bureau of the Budget

"to make a thorough study of existing governmental organization in the field of communications and to propose needed modifications."

The Bureau concluded that there is need for:

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

The Bureau recommended:

- " We believe that the proposed communications policy organization should be established in either the Department of Commerce or the Department of Transportation. "

The Bureau inventoried the organizational problems as:

- (1) Policy coordination
- (2) Federal use of telecommunications
- (3) Federal communications research and development
- (4) International communications
- (5) Federal-State-local relations
- (6) Government industry relations

The Bureau then concluded:

"A new Federal telecommunications capability is urgently needed to integrate the various roles in which the Government is now engaged," and recommended that this enhanced activity as previously indicated be placed in the Department of Commerce or Department of Transportation.

This recommendation is made in the face of over 20 years of studies and recommendations all recognizing that this is a function which must be performed at Executive Office level if it is to be effective. This error probably results from the apparent misreading of the history involved as the BOB report states --

"Since the war, the executive branch has undertaken several studies of telecommunications policy, but each of those surveys tended to focus on one or two aspects of the total problem rather than searching for answers that might cut across the entire communications field. The proposals which resulted related to the day-to-day operating problems faced by the Government and not to the need for effective policy-making machinery for both national and Government-wide problem solving. There has been, however, a recognition that the Federal Government required a substantial policy-making capability in this field even though few specific proposals emerged."

The record shows:

A. BOB Project 46-40, February 26, 1947 was primarily related to frequencies but "recommended that there be established in the Executive Office of the President an agency or individual to assist the President in carrying out his responsibility under the Communications Act of 1934."

B. The President's Communications Policy Board in its report of February 16, 1951, summarized the needs in five (5) specific issues:

"1. How shall the United States formulate policies and plans for guidance in reconciling the conflicting interests and needs of Government and private users of the spectrum space--that is, for guidance in making the best use of its share of the total spectrum?

"2. How shall the United States meet the recurrent problem of managing its total telecommunications resources to meet the changing demands of national security?

"3. How shall the United States develop a national policy and position for dealing with other nations in seeking international telecommunications agreements?

"4. How shall the United States develop policies and plans to foster the soundness and vigor of its telecommunications industry in the face of new technical developments, changing needs, and economic developments?

"5. How shall the United States Government strengthen its organization to cope with the four issues stated above?"

The Board said:

"We recommend the immediate establishment in the Executive Office of the President of a three-man Telecommunications Advisory Board served by a small, highly qualified staff to advise and assist the President in the discharge of his responsibilities in the telecommunications field. Its task would include formulating and recommending broad national policies in this field, and giving advice and assistance in the formulation of policies and positions for international telecommunications negotiations."

Executive Order 10297 October 9, 1951, established the position of Telecommunications Advisor to the President and assigned duties substantially as recommended by the PCPB. On June 16, 1953, (less than two years after it was established) Executive Order 10460 abolished the position of Telecommunications Advisor to the President and transferred the functions to the Director, Office of Defense Mobilization.

By 1958, the OCDM telecommunications area reported to the Associate Director for Resources, who reported to the Assistant Director for Resources and Production, who reported to the Director, OCDM. However, the Director of OCDM knew he had troubles with telecommunications and, by direction of the President, appointed a committee to make a study and recommendations.

C. This committee, the Special Advisory Committee on Telecommunication, reported on December 29, 1958, saying:

"Because of these considerations the Committee believes that these broad discretionary functions can best be discharged and the strengthening best be accomplished through creation of a board within the Executive Office of the President to act for and be answerable to the President in the carrying out of his responsibilities under the Communications Act."

It also said:

"The type of organization we have in mind would have the following characteristics:

- "1. It would be established by Congress at the request of the President.
- "2. It would be established in the Executive Office of the President at a level to give it direct access to the President and to the heads of Government agencies using telecommunications.

- "3. It would have its own staff to the extent necessary to assure both the objectivity of the information upon which it acts and the unbiased character of recommendations based upon that information.
- "4. It would have the authority to require any Government agency to produce any information within its field of interest and to provide any assistance which it believes necessary to a proper decision.
- "5. It would have continuity to facilitate the development of long-range policies.
- "6. It would be an agency with no responsibility for the operation of any telecommunications.
- "7. It would not disturb the present functions of the Federal Communications Commission, including that of determining which applicants shall receive assignments within bands set aside for non-governmental use."

On March 3, 1959, the President recommended to the Congress the establishment of a Special Commission on Telecommunications to be appointed by the President.

D. In December 1960, Dean James M. Landis at the request of President-elect Kennedy submitted his report on Regulatory Agencies. This report said:

"The present needs are too pressing to await the initiation of what would be a mammoth project of consolidation in the fields of transportation, communication, and energy, and even a huge project in any one of them. The prime and immediate need in these fields is for developing and coordinating policy immediately at a high staff level. Operations for the moment can be left to the existing agencies, whose conduct should in the light of these recommendations show marked improvements.... To attempt such consolidation in the absence of the experience that would be derived from determined effort to evolve policy through coordination directly under the President,

would be substantially to plan in vacuo. The creation of a mechanism for staff coordination can and should begin now. Its staff work as envisaged herein will carry within itself means for the implementation of its directives.

"With this thought in mind, the following recommendations are made:

- "7. Create within the Executive Office of the President with appropriate powers an Office for the Coordination and Development of Communication Policy and simultaneously by executive order transfer to this Office all powers relating to telecommunications now vested in the Office of Civil and Defense Mobilization."

E. On March 6, 1961, Senator John O. Pastore of the Committee on Interstate and Foreign Commerce and Chairman of its subcommittee on communications wrote to the President saying:

"A most careful and comprehensive review must be undertaken without delay to examine the elements of public policy concerning communications so that a specific policy for the most effective use of radio frequencies by governmental and non-governmental users as well as the administrative arrangements concerning such use in the Federal Government can be formulated. In addition, the review should include the policies with respect to international radio and wire communications and the relationship of government communications and non-government communications in that field. Unless we have a uniform long range policy, the United States may find itself at a disadvantage at the Geneva Conference."

and

"I know there are various approaches in developing a program to evaluate the country's policy. One is the approach set forth in S. J. Res. 32 introduced by Senator Vance Hartke and others. Another would be the issuance of an Executive Order comparable to the one issued by President Harry Truman in 1950. Time is of the essence. Action must be taken immediately."

F. On May 18, 1961, Dr. Jerome Wiesner, Science Advisor to the President said:

G. "For these reasons and for the reason that telecommunications planning and policy-making has become so important to the missions of many Government agencies, it is necessary to establish a full time telecommunications Administrator with the requisite training and experience in a separate, suitably staffed office in the Executive Office of the President."

On July 20, 1961, a study entitled "Organization for Telecommunications Management," prepared by BOB, recommended:

- "1. Responsibility for leadership in planning and policy formation and for coordination of the telecommunications activities of the executive branch should be assigned to the head of an Executive Office unit. The functions should be given sufficient status and support within the Executive Office agency so that they can be performed effectively. (page 11)
- "2. The President's authority to assign frequencies to executive branch agencies should be clearly delegated to the official given broad responsibilities in connection with telecommunications management. The Presidential delegate should also have explicit authority to amend, modify, and revoke frequency assignments after the initial grant. (pages 6-7 and 10)
- "3. IRAC, or a successor, should function as an advisory group to the Telecommunications Advisor and all assignments should be made by or under the authority of the Presidential delegate (pages 6-7)
- "4. The President's Telecommunications Advisor should be responsible for advising the Department of State of the executive branch position on international telecommunications matters. He should, in cooperation with the Department, undertake a review of the appropriate role of the Department with respect to international telecommunications policies. (pages 7-8)
- "5. Until experience is gained under strengthened administrative arrangements, the executive branch should not support pending legislation to create a new agency for dividing the frequency spectrum or legislation to create a telecommunications study commission. (pages 8-9)."

Executive Order 10995, on February 16, 1962, created the position of Director of Telecommunications Management to be held by one of the Assistant Directors of the Office of Emergency Planning. The substance of 10995 is well known in the telecommunications community.

Dr. Irvin Stewart (who had served for many years as the highly successful President of West Virginia University and had experience with many Government telecommunications problems, including being an FCC Commissioner) became DTM on April 13, 1962. He inherited a staff of about 40 people who were practically all completely occupied with spectrum planning and frequency assignment. He was promised additional personnel as well as funds to begin to deal with the major policy and planning problems assigned to the Office. A request for a supplemental appropriation to provide funds and increase the ceiling on personnel of the Telecommunications Office from 49 to 66 was finally approved by the Congress about May 1, 1963. Between that time and the end of the year, the Telecommunications Office got up to 52 people at which time OEP applied a freeze.

At that time the Office of Telecommunications did not have a separate line item in the OEP budget (in spite of the specific supplemental action on telecommunications in 1963) and when the OEP appropriation for FY 1964 was finally resolved, the Telecommunications Office was cut from 52 to 38 people. Dr. Stewart had already given up the struggle and resigned on April 30, 1963.

On August 21, 1963, the President issued a memorandum establishing the National Communications System naming the DTM Special Assistant to the President for Telecommunications and placing much broader and at the same time

more explicit responsibilities on him for overall coordination of the Government's telecommunications operations, particularly as they relate to support of the Presidency.

H. On December 9, 1963, Dr. Wiesner again became concerned, this time writing to the President saying:

"We are facing a major problem as a result of the complete collapse of efforts to build up a telecommunications management capability in the Executive Office. In this memorandum I will review the history of the previous efforts in this Administration in this field, and then make a recommendation for correcting the situation."

and

"I am firmly convinced that it will not be possible to build up an adequate Executive Office telecommunications capability in the OEP and that a separate office should be created for this purpose. We could then ask Congress for a small additional appropriation to support the operation properly."

The Complete memorandum is of such importance that it is attached as Enclosure I.

I. About January 23, 1964, the Director of the Budget prepared a draft memorandum to the President (which we believe was actually sent) saying:

"A number of developments are placing new responsibilities on the President to provide national telecommunications policy and coordination.

". . . We believe that all of the above responsibilities should be placed in a single person. He would need to be recognized as a senior adviser to the President; he would need to work closely with Mr. Bundy to be sure that communications planning takes fully into account the President's command and control needs now and in the future; preferably he should have broad communications experience, but an appreciation of foreign and military affairs is of equal, if not greater, importance.

". . . We will have sufficient authority to establish the new office as soon as the Reorganization Act extension is enacted. We are awaiting Senate action.

". . . Aside from any decision you make on organization, there is agreement that the first order of business is to appoint a Special Assistant to the President for Telecommunications on the White House staff, who would also be appointed as Director of Telecommunications Management in the Office of Emergency Planning. This should be done as soon as possible in view of the early departure of Jerry Wiesner. The Special Assistant should have several senior staff people to help him on policy matters. We would keep in OEP the radio frequency staff now located there, which would work under the direction of the Special Assistant to the President.

"I have discussed these arrangements with Dr. Wiesner, Ed McDermott and Mac Bundy, and we agree that these steps are highly desirable."

Mr. James D. O'Connell was commissioned as DTM (Assistant Director, OEP) on May 15, 1964.

J. On January 13, 1965, the DTM wrote a memorandum to the President reviewing his reactions after six months as Special Assistant to the President for Telecommunications. He outlined problems in telecommunications which have national importance and are of significance to the President. He said:

"The major point made is that many Government agencies are involved in regulating, influencing, controlling, the course of our national telecommunications business, both private and Government. Yet no one of these agencies has responsibility for, or is performing, the function of looking at telecommunications problems from the over-all vantage point of the President or of advising the President of the over-all long term implications of piecemeal actions."

He then listed twelve (12) problems concluding:

". . . 12. There is only one possible source of adequate leadership for this effort -- The President. His telecommunications staff, to be effective, needs to be organized as part of his office -- similar to the Office of Science and Technology. Otherwise we still have the uncoordinated situation that exists today."

K. The Report of the Military Operations Subcommittee of the Committee on Government Operations of the House on "Satellite Communications", October 1964, went into the question of Government leadership and coordination in telecommunications in some detail. Among other things the report said:

"Many persons in and out of Government, with the best of intentions, tried to work their individual wills on the resolution of major public issues in the field of communications during the period of negotiations between the Defense Department and the Communications Satellite Corp. There was no firm policy direction which would take into full account the needs and responsibilities of the agencies concerned and develop a unified Government position. The chief result was confusion and conflict. The episode demonstrated faulty planning, incomplete staffing, and uncoordinated effort in an aggravated form.

"The Office of the Director of Telecommunications Management, who also serves as Special Assistant to the President for Telecommunications, was vacant during the largest part of the time of the negotiations. There were competent persons in the National Aeronautics and Space Council, the Office of Science and Technology, the Office of Emergency Planning, and elsewhere who served informally as an ad hoc coordinating committee, but it was not until a Director of Telecommunications Management was appointed, after our hearings started, that issues began to fall into place.

"By law and policy the President is charged with important duties and responsibilities in communications which he must fulfill with the help of competent advisers and specialists in the Executive Office. The Director of Telecommunications Management, who serves as the President's adviser, also is concerned with mobilization functions as an Assistant Director in the Office of Emergency Planning. One line of authority runs directly to the President and the other to the OEP Director.

"The committee believes that the Office of Director of Telecommunications Management should be elevated in status and strengthened with a staff of specialists in technical, management, and policy aspects of communications. An appropriate means of accomplishing this objective is the submission to the Congress of a Presidential reorganization plan, particularly since the President's Executive Office is involved."

In Recommendation No. 6 the subcommittee said:

"At the earliest practicable date, the President should submit to the Congress a reorganization plan to reconstitute the functions and responsibilities of the Director of Telecommunications Management in a separate office in the Executive Office of the President, and take steps to insure that the office is adequately staffed."

The Subcommittee further said in Recommendation No. 7 that:

"The Office of the Director of Telecommunications Management, when reorganized and properly staffed, should undertake a study of the National Communications System and the long-range requirements and policies of the United States in the telecommunications field."

The Subcommittee Report was affirmed by the Committee.

L. In its Twenty-third Report (House Report No. 1340) on March 21, 1966, the Committee on Government Operations further said:

"Furthermore, on the basis of the experience to date, the Secretary of Defense, as Executive Agent for the NCS, is put in a difficult if not untenable position. He should not be making policy decisions affecting other Government users and cannot easily question other agency requirements since his Department is itself a major claimant on the National Communications System. The adjudication and policy roles in communications properly rest in the Office of the Director of Telecommunications Management located in the Executive Office of the President. In a previous report the committee recommended that the President, by reorganization plan, reconstitute the Office of the Director of Telecommunications Management as a separate entity in the Executive Office. At present, the Director is subordinate to the Director of Emergency Planning in one capacity and reports directly to the President in another capacity, thereby creating an anomalous situation. The committee renews its recommendation for the reorganization of the Telecommunications Directorate.

"The committee also recommends that the Director of Telecommunications Management assume the responsibilities now exercised by the Secretary of Defense for identifying and evaluating Government user requirements for communications and undertake systematic planning so that these requirements can be met in an orderly and economical way rather than by piecemeal, disjointed efforts."

M. . The Forty-third Report of the Committee on Government Operations, October 19, 1966, had the following to say concerning this subject:

"The committee in its 1964-65 report made a recommendation to put the Director of Telecommunications Management in a better position to tackle his many assignments. We recommended that the ODTM be reconstituted as a separate coequal unit in the Executive Office of the President rather than remain a subordinate unit of OEP.³ That recommendation was affirmed in a second report⁴ of the committee, and we affirm it here again. Mr. O'Connell reported at the recent hearings that he believed the matter was still under consideration within the executive branch.⁵ It is our understanding that the President is reluctant to expand the structure of the Executive Office. The committee believes that a much more compelling consideration is the new and growing importance which telecommunications management has assumed in Government affairs.

"The submission to the Congress of a reorganization plan to give the telecommunications office separate status, coequal with the Executive Office units for national security, economic, scientific, emergency mobilization and budgetary affairs, will have the added advantage of providing a statutory base for the Director in dealing with the Congress. At present his nonstatutory role of presidential adviser makes relationships with the Congress a sensitive issue and creates uncertainties as to what he can convey to the Congress in the way of information. A similar issue was presented, and in a measure resolved, in the Office of Science and Technology, which was given formal status in the Executive Office by reorganization plan."

In conclusion, it should be clearly apparent that most of these studies and recommendations have been concerned for the overall policy and long range planning aspects of the telecommunications problem. Although there is a theme relating to frequency management which runs through several, it primarily relates to national policy and objectives. The day-to-day operations of the

3 H. Rept. No. 178, p. 111.

4 H. Rept. No. 1340, p. 86.

5 Hearings, p. 262.

Interdepartment Radio Advisory Committee and the demanding, detailed work of administering the Government's use of frequencies is largely taken for granted. Yet during most of the period since the establishment of a Telecommunications Office, somewhere within the Executive Office structure, the Office has barely been given the resources to keep up with this day-to-day activity and it has only been in the last five years that there has been a significant additional capability to apply to the setting of objectives, development of policy, or to attempt any long range planning.

December 9, 1963

MEMORANDUM FOR

THE PRESIDENT

We are facing a major problem as a result of the complete collapse of efforts to build up a telecommunications management capability in the Executive Office. In this memorandum I will review the history of the previous efforts in this Administration in this field, and then make a recommendation for correcting the situation.

For many years a need has existed for stronger Executive leadership in the telecommunications field, and for years members of the Congress and spokesmen for the industry have been pressing for a Presidential Telecommunications Board. Shortly after the beginning of President Kennedy's Administration, Senators Pastore and Magnuson and Congressman Harris talked to him about the problem. I have attached a letter from Senator Pastore which was received in March of 1961. In addition, he received many other letters from the Congress asking that he review the situation.

After an extensive review based on a Bureau of the Budget study of the matter, it was decided not to back the concept of a Board, for it would tend to restrict Presidential freedom of action. Instead, it was decided to establish the position of Director of Telecommunications Management in the Executive Office of the President.

Three choices were considered for the administrative location of the Director and his office:

- 1) The Office of Emergency Planning
- 2) My office (Special Assistant to the President for Science & Technology)
- 3) The establishment of a new office in the Executive Office of the President.

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It was generally agreed that the third solution was best for the exercise of the telecommunications management function, but it was rejected because the Bureau of the Budget believed there was no clear legal basis for the creation of the new office without Congressional action, and because it provided an additional person reporting directly to the President. The legal objection has not been fully established.

The second course was rejected because it established an operating responsibility for my office which I viewed as undesirable.

The third course was chosen and specified in Executive Order 10995, attached.

Until now we have not succeeded in making this arrangement work. This has been due to two reasons: the difficulty of securing funds for the expanded operation (a rather minor telecommunications frequency management activity has existed in the OEP for a long time), and our inability to attract a top-level man into the job of Director of Telecommunications Management after Dr. Irwin Stewart resigned because he was unwilling to face the continuing frustrations of the job.

You will recall that the Cuban confrontation demonstrated serious deficiencies in the communications facilities available to the political leaders of the country, and in the Spring of 1963 a decision was made to establish a National Communications System to correct the situation. The post of Special Assistant to the President for Telecommunications was created at the same time. This post was to be held by the Director of Telecommunications Management. Unfortunately, Dr. Irwin Stewart, who held the latter position, resigned during the Spring and, as I have indicated, we have not succeeded in replacing him, although Ralph Dungan and I have been trying to do so.

In the interim I have been acting as the Special Assistant for Telecommunications (When I took this on last summer it was viewed as a two or three month holding action while we attempted to hire a full-time Director.) Though we have succeeded in establishing the National Communications System, it has many problems and needs more time than I have been able to give to it. Nick Katzenbach and I have taken the lead in establishing the relations between the Government and the Communication Satellite Corporation. This seems to be going more or less satisfactorily but, as I reported in a previous memorandum of December 2 on this subject, we are now entering into a very active phase and it requires more constant attention than it is receiving. There are many other communication problems of considerable importance not being taken care of; and the Congress is getting restive about our inability

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to make the Director of Telecommunications Management a reality. I have heard that Orrin Harris is planning to make a speech criticizing the lack of executive leadership in the telecommunications field.

Recent Congressional action on the OEP budget is making it necessary to cut its staff and if the present limitations on staff for telecommunications management purposes proposed by Mr. McDermott are sustained, we will not be able to hire additional personnel or carry out the assigned responsibilities.

Conclusions and Recommendations

I am firmly convinced that it will not be possible to build up an adequate Executive Office telecommunications capability in the OEP and that a separate office should be created for this purpose. We could then ask Congress for a small additional appropriation to support the operation properly.

I would also recommend that we quickly obtain the services of an outstanding person as Special Assistant for Telecommunications, at least long enough to organize the new office and find an adequate director. I have attached a list of individuals who I believe could do this task very well. These people are familiar with the telecommunications problem and could make a quick start.

The Director of the Bureau of the Budget is also concerned about this problem and is preparing a separate memorandum on the subject.

For your information I am also attaching a copy of a memorandum that discusses the Presidential responsibilities for telecommunications management which we prepared in 1961.

/s/ J. B. Wiesner
Jerome B. Wiesner

Enclosures:

- 1-Cy ltr frm Sen. Pastore dtd 3/6/61
- 2-Executive Order 10995
- 3-Paper dtd 2/10/61 re Telecommunications
- 4-List of suggestions for Telecommunications Post

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TELECOMMUNICATIONS REORGANIZATION

- H. R. 967, 88th Congress..... 1963
- S. J. Res. 32, 87th Congress, same as S. J. 211, 86th..... 1961
- S. J. Res. 211, 86th Congress, five member board
to review organization and management of spectrum..... 1960
- H. R. 8426 introduced..... 1959..... H. J. Res. 292 and 331 and S. J. Res. 76
introduced H. R. 7057 to establish three
man board in Executive Office.
- 1958..... Senate passed S. J. Res. 106 with 5 member
commission.
- 1957..... S. J. Res. 106 to establish 3 member commission to
investigate allocation of frequencies.
H. R. 381 same as S. J. Res. 106.
- 1954..... S. J. Res. 96 to establish 9 member commission on use of
international telecommunications.
- 1953..... H. R. 6819 to establish telecommunications policy committee to coordinate
development of policies and standards and formulate plans.
- 1951..... S. 1378 introduced covering essentially substance of Resolution 50.
- 1950..... H. R. 6949, 81st Congress, to establish Frequency Control Board and Military
Liaison Committee with appeal to President on Board decisions.
- 1949..... Senate Resolution 50, 81st Congress, concern over demands for frequencies.

Policy Delinations of the Director of Telecommunications
Management/Special Assistant to the President for Telecom-
munications

This listing is not intended to be a compendium of all policy deliniations. Rather, it is a partial listing of significant policies to illustrate the broad areas which they impact.

Frequency Management:

1. Basic policies are stated in Chapter 2 of the Manual of Regulations and Procedures for Radio Frequency Management, 1965.
2. IRAC is a consultive body to the DTM, decision rests with the DTM.
3. Frequencies allocated to the Federal Government will cooperatively be shared with or transferred to, the civilian sector where the need of the civilian sector is proven to be greater than that of the Federal Government.

National Communications:

1. National security aspects and needs of the Presidency and the National Command Authorities will be given priority consideration in all decisions.
2. A unified NCS will be established on an evolutionary basis. The NCS will be planned as a single system, and implemented and operated as such.
3. All communication assets of all agencies are potential assets of the NCS.
4. Government wide telecommunication requirements will be visible and susceptible to PPBS analysis.
5. ACSII is standard code for use by NCS.
6. Standards will deal in terms of performance rather than detailed design and specification, and there will be coordination and cooperation among Federal agencies and between Federal agencies and private organizations in the development of standards.
7. There will be no proliferation of standards, and the Office of the Director of Telecommunications Management in the centralized point in government for coordination of telecommunications standards.
8. The Manager NCS implements the Standards Monitoring Programs and must see that approved standards are implemented.

9. The communication aspects of teleprocessing must be considered in the development and design of large computer based systems to assume maximum application of the common-user principle.

International Communications:

1. National Security aspects and the needs of the Presidency and the National Command Authorities will be given priority consideration in all decisions.

2. The concept of a single international carrier will be supported.

Satellite Communication/Technology:

As documented in:

1. President's Annual Report to Congress, or required by the Communications Act of 1962.

2. NSAM 338

3. President's message to the Congress on Communication Policy, August 14, 1967.

4. Recommendation to the President on pilot programs for Domestic Communication Satellite System, April 4, 1969.

5. Recommendation to Secretary of State on Canadian request for U.S. satellite launch service, January 6 and April 3, 1969.

Emergency Preparedness:

1. Federal Register, January 17, 1967 announced a, "Priority System for the Use and Restoration of Leased Inter-city Private Line Services During Emergency Conditions."

2. Telecom Circular 3300.1, October 2, 1967 announced a system to provide, "Essential Residence Telephone Service in Time of Emergency".

3. Federal Register, July 24, 1968, announced a system of, "Procedures for Obtaining International Telecommunication Service for Use During a National Emergency".

4. Statements contained in Federal Emergency Plan D

Federal-State Telecommunications:

Provide assistance to state and local governments to assure that the requirements of the respective governments can be met efficiently and effectively at reasonable cost, and to develop efficient and effective coordination procedures among Federal, State and local governments concerning telecommunication matters of mutual interest.

The results of this policy are indicated by the fact that about 60% of the states have or are conducting government-wide telecommunication studies, some of which have already produced significant results.

TELECOMMUNICATIONS

APPROPRIATION & PERSONNEL HISTORY

(in thousand of dollars)

PERIOD	REQUESTED			BOB MARK			CONGRESS			APPROPRIATION		
	Posi- <u>tions</u>	Con- <u>tracts</u>	<u>Total</u>	Posi- <u>tions</u>	Con- <u>tracts</u>	<u>Total</u>	Posi- <u>tions</u>	Con- <u>tracts</u>	<u>Total</u>	Posi- <u>tions</u>	Con- <u>tracts</u>	<u>Total</u>
FY 65	(Incl. in OEP Request)			40	250	771	40	250	771	40	250	771
FY 66	70	360	1531	70	360	1531	70	300	1280	70	300	1280
FY 67	88	1195	2809	70	800	2270	70	425	1600	70	425	1600
FY 68	93	2600	4264	70	800	2245	70	600	1945	70	600	1945
FY 69 Suppl. (Research)	70 6000	600	1945	63	800 777	1675	70	500	1675	63*	500	1675
FY 70	78	800	2238	65	800	2095						

*By P.L. 90-364 BOB established personnel ceiling at 63 for FY 69 and 65 for FY 70

January 1969

To the extent that emergency telecommunications are dependent upon plans and preparations made in the absence of an emergency, there are sound arguments for the continuing presence of telecommunications management in OEP. I do not suggest that these reasons necessarily outweigh whatever considerations might indicate that the present ODTM should be located some place other than within OEP. I do strongly recommend that relocation not be considered until after we have thoroughly examined emergency preparedness implications.

Your study proposes to place ODTM within an executive department -- Commerce or Transportation -- as the nucleus of an expanded activity which would be the focus for interagency policy determinations and guidance. This strikes me as a step which ought to be approached with the utmost caution, for four reasons. The first reason, to which I have already referred, is that of emergency preparedness considerations. Second, I have considerable difficulty envisioning interagency coordination and policy-making being effective if ODTM is lodged in any executive department. (The staff study concludes that such coordination and policy-making is the "principal issue raised in the policy area.") I cannot conceive, for instance, that the National Communications System -- even as it is now organized, much less as the staff study proposes it be reorganized -- could receive effective policy guidance from a telecommunications agency located in, say, the Department of Commerce.

Third, to place telecommunications management within an executive department would be in some ways a retrogressive step. The staff study notes that every President since Truman has depended on a staff office at the Presidential level for government-wide policy formulation and coordination of telecommunications. The study correctly lists some shortcomings of this persistent choice but omits to mention why four consecutive Presidents regarded lodgment in an executive department to be undesirable.

Finally, in view of the considerations already touched upon, a reorganization now and in the face of unexamined aspects and unanswered questions would be inadvisable because it would be difficult to undo were it later determined to have been unwise.

THE WHITE HOUSE
WASHINGTON

5/16/69

To: Dr. DuBridge
From: Tom Whitehead

→
Attached is a memo for the President on the release of the Rostow Report. May I have your comments as soon as possible?

I concur
LaShut DuBridge

THE WHITE HOUSE
WASHINGTON

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 exceedingly controversial. It produced a voluminous report with 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.

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 included the following:

- 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 specifically recommended conditions. The legislation should permit the Government to force action in this area, should private efforts fail.

- 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 domestic 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 for which we disagree.

We do 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 and Mr. Klein concur in this recommendation.

Peter M. Flanigan
Assistant to the President

Telecommunications

PROPOSED STATEMENT OF *[Asst. Secretary Tribo]*
SUBCOMMITTEE ON COMMUNICATIONS AND POWER
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
U. S. HOUSE OF REPRESENTATIVES

Mr. Chairman:

The *[Department of Commerce]* appreciates this opportunity to appear before the Subcommittee on Communications and Power to present our views on the subject of these hearings.

It is clear to all who have experience in this field that telecommunications will be one of the most decisive technological factors affecting our society in the next decade, and beyond. However, it is common knowledge that all is not well at present in the Federal Government's management of the national telecommunications resource. We continue with organizations, guidelines, and procedures designed for an earlier era, while exciting

opportunities for public service and industrial growth demand a more rational and progressive framework for policy and action.

Although the frequency spectrum is a limited natural resource, we can now see technological opportunities which will allow expansion of its utility. It is clear, however, that this goal can only be accomplished by unified and coherent national planning and management for the entire spectrum. The piecemeal approach to public policy which we have inherited in this area simply does not function meaningfully in the face of the complex demands of the present, nor will it allow the Nation to exploit the challenging new opportunities which are appearing on the horizon. The overlap and interaction between all parts of the system have become more and more apparent. For example, there is no doubt that ultimate decisions on the specific issue at question in these hearings will have important impact on the nature and availability of safety services, such as police and fire mobile communications. Such choices will also affect education, navigation, and most importantly, a host of other significant services as yet dimly perceived, but surely ahead. At the present time, we have no continuing mechanism to assure that the needs and opportunities in areas

like these receive formal and systematic examination as part of the overall panoply of telecommunications policy. We shortchange our Nation's progress with every day we allow this irrational situation to continue.

The "crisis" in spectrum management which is descending upon us has been predicted for many years, in many studies, by many groups of experts. Most technological advances in telecommunications have come since World War II, so actual experience in serious crowding of the electrospace is a relatively recent development. The radio spectrum resource is multi dimensioned -- it has three geometrical parameters, in addition to time, frequency, and three lesser dimensions-- but the significant characteristic is that its total space is finite and limited. Any user of a part of this electrospace precludes uses of the identical dimensional component of the spectrum. At present, in some instances, especially in mobile safety services, the space allocated and available is already full.

In parallel with this expanding use of the limited spectrum, technology has been developed for wideband wired wired systems which, in effect, extend the electrospace resource.

like these receive formal examination as
One of many examples of this is the technology utilized
part of the overall policy
by the CATV industry. The important fact here is that public
We shortchange our Nation
policy for either of these two resources cannot properly be
this irrational situation
considered in isolation from the other, nor from many
The "crisis" in space which is desce
other facets of national telecommunications ~~ex~~ policy. The
upon us has been predicted in many stud
Nation can no longer afford to be strapped by policy so
by many groups of experts
developed. This "ad hoc" practice in telecommunications
telecommunications have seen war II, so act
policy and management must give way to a more sensible
experience in serious space
system with an integrated approach for fact finding, analysis,
a relatively recent deve
and decision if we are to maintain healthy progress in
is multi dimensional
this area.

The choices now coming before the Nation in telecommunica-
but the significant charac
tions policy are momentous. Hard decisions, which will
is finite and limited
have substantial affect on large competing interests,
space predilect
will need to be made on, for example, the roles of time-
of the spectrum
sharing computers and satellites, and wired service-broad-
cast relationships. The economic, technical, and social trade-
offs involved in these questions dictate that they not be
considered in a piecemeal approach. The complexities
involved, and the significance of these decisions to the
public good, will tax the adversary system which now dominantes
our policy making apparatus beyond any reasonable limits. The
public must become ~~ex~~ an explicit party to these proceedings

and the alternative ways to bring this about will be an important subject for national debate in the near future.

We have no specific recommendation on resolution of the difficult issue now lying before this Committee. Our hope is that this question will be viewed as an integral part of overall national telecommunications needs, opportunities, and problems.

The Executive Branch has been late in coming to grips with its organization to assist with the facts needed to meet these challenges. As you know, the new Administration is currently reviewing the Federal telecommunications policy and management structure. We fully expect to have this house in order in the near future, so that subsequent hearings on topics as important to the Nation as CATV policy will be supported by independent, objective, and thorough analyses of the technical and economic issues involved. In the meantime, we hope you will feel free to call on the (Department of Commerce) for any specific technical assistance we may be able to offer on the subject at hand.

Copy for Mr. Whitehead

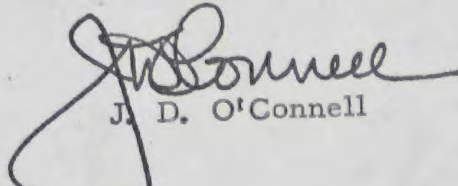
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

May 14, 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 13.


J. D. O'Connell

Enclosure

May 13, 1969

WEEKLY ACTIVITY REPORT NO. 65

FREQUENCY MANAGEMENT

1. Frequency Management Advisory Council Meeting

On May 8 the 33rd meeting of the Frequency Management Advisory Council was held. Extensive discussion took place on the need for and methods of attaining improved standards for radio receivers. A report was also given by industry representatives on the problem of electromagnetic compatibility. Consideration was also given to the development of the U. S. position for the forthcoming World Administrative Radio Conference on Space and Radio Astronomy.

2. Interdepartment Radio Advisory Committee Meeting

On May 13 the Interdepartment Radio Advisory Committee (composed of major Government users of communications-electronics equipments) met and discussed the following matters:

- a. A proposed TELECOM Bulletin regarding Government funded studies resulting in the need to use radio frequencies.
- b. An improved table of frequency tolerances for the Federal Government.
- c. Consideration of the "Preliminary Views" and associated National Understanding relative to the forthcoming Space World Administrative Radio Conference.
- d. Proposed suballocation of the band 1535-1660 MHz in order to meet requirements for collision avoidance systems, satellite to aircraft and ship communications, and instrument landing operations.

*3. National Electromagnetic Compatibility Analysis Facility

On May 9 OTM and OEP representatives met to complete the draft of a concept whereby a National Electromagnetic Compatibility Analysis Facility would be contained in the FY 1971 budget submission. It is expected that this facility will need 120 people and approximately \$2-1/2 million. On May 12 a meeting on this same subject was held between OEP/OTM personnel and representatives of the Office of the Director, Defense Research and Engineering and Joints Chiefs of Staff.

NATIONAL TELECOMMUNICATIONS

1. Teleprocessing Program Coordination

On May 13 the Interagency Committee on Automatic Data Processing was, at the request of the Chairman, given a presentation on "Teleprocessing -- the growing interrelationship of computers and communications (some speculations about national management alternatives)." The Interagency Committee is advisory to the Bureau of the Budget in the field of data processing management.

*2. Satellite Communications for Alaska

The letter from Representative Pollock of March 5, proposing satellite communications to serve the State of Alaska, was forwarded on May 7 by the DTM to the Field Committee for Development Planning in Alaska for their consideration and to aid in their planning for Federal programs which contribute to economic and resources development in Alaska.

TELECOMMUNICATIONS EMERGENCY PREPAREDNESS

*1. Liaison with WSEG/IDA

On May 7 the DTM and selected staff members accompanied the Director and Deputy Director and selected staff members of OEP to a classified briefing at WSEG/IDA. This briefing was for the purpose of orienting the OEP on certain communications aspects under study and for the purpose of seeking OEP's support of the study as various aspects of it concern the authority and responsibilities of the Director, OEP.

*2. White House Liaison

In response to a request by Mr. Clay T. Whitehead, Staff Assistant to the President, the DTM provided a briefing to Mr. Whitehead on May 7 on the emergency preparedness roles of the OTM vis-a-vis the Federal Communications Commission. Mr. O'Connell traced the history of the President's war emergency authority, its exercise in World Wars I and II, the Korean Situation, the Cuban Missile Crisis, and its present status. He also discussed the role of the industry in emergency telecommunications preparedness and presented information on the various communications systems of the Federal, State and industrial elements of the Nation.

* 3. Telecommunications Warning System Coordination

On May 9 Mr. Clay T. Whitehead, by an informal memorandum, transmitted to the DTM a proposal for a CUE Signal System, developed by the International Electric Corporation. Mr. Whitehead asked the DTM to look into the system proposal and to relate its worth to the Emergency Broadcast System. This is now being accomplished and is expected to be completed by May 21, 1969. When completed, the results of the study will be made available to General Lincoln and, subsequently, to Mr. Whitehead.

* Items considered of special interest to the Director, OEP

Telecommunications

May 14, 1969

MEMORANDUM FOR JAY WILKINSON

At my request, two meetings were held at the International Club for the purpose of discussing telecommunications matters with top men in the field of broadcasting.

The charges were as follows:

<u>Date</u>	<u>Amount</u>	<u>Paid by</u>
March 26	\$35.00	Abbott Washburn
April 7	42.52	William Duke

I would appreciate it if these gentlemen could be reimbursed for these expenses.

Signed

Clay T. Whitehead
Staff Assistant

cc: Mr. Whitehead
Central Files

CTWhitehead:ed

Telecommunications

May 13, 1969

Dear Miss Machung:

I have received your letter inquiring about our responsibilities with respect to the Federal regulatory agencies. I am happy to see interest in this kind of thing from the political science community, since it is a prime area where economists and political scientists need to do more interdisciplinary research.

My specific assignment with respect to the Federal Communications Commission is to handle liaison between the White House and the FCC. As you know, the FCC performs in both a quasi-judicial role and in a policy role, and the Administration is concerned only with the latter. Our prime concern is that the executive branch be an effective and constructive partner with the FCC in developing communications policies for the Nation.

It is too early, of course, to say just what policy changes we will recommend, but I think it is safe to say that you will see an active expression of interest in these policies by the executive branch, including a strengthening of our machinery for dealing with these issues. The issue of conglomerate control and cross-media ownership is one of the most important examples of the problems we will have to be dealing with. Some of the others include institutional arrangements for a domestic satellite system, our organization for international communications, and the ongoing INTELSAT negotiations.

What we have found out is that it is very difficult to translate a desire for a flexible regulatory policy into specific decisions on these problems. It is unfortunate that we do not have a larger background of literature and research to draw upon, but there simply has not been much serious thought about our regulatory policies and philosophies since the 1930's. Therefore, I am hopeful that one thing we will be able to do is to stimulate more

-2-

interest in more research now so that we will have it to draw upon in subsequent years as we will still have those problems to deal with then.

Good luck on your research.

Sincerely,

Signed

Clay T. Whitehead
Staff Assistant

Miss Anne Machung
433 West Gilman
#413
Madison, Wisconsin 53703

cc: Mr. Flanigan
Mr. Hofgren
Mr. Whitehead
Mr. Rose
Central Files

CTWhitehead:ed

tape

433 West Gilman #413
Madison, Wisconsin 53703
May 7, 1969

Dr. Clay T. Whitehead
Deputy to Robert Ellsworth
c/O White House
Washington, D.C.

Dear Dr. Whitehead:

I am a graduate student in Political Science at the University of Wisconsin and am currently doing research and writing a paper on conglomerate control and cross-media ownership within the communications industry. It has recently come to my attention that you have been assigned to study the organization and policy-making functions of various federal regulatory agencies. Being especially interested in the Federal Communications Commission and its role in regulating the broadcasting industry, I was wondering if you could tell me what exactly is your specific assignment regarding the F.C.C. I would like to know what particular areas of its operations you are looking into, what you expect to find out, and any proposed legislation or policy or personnel changes that you might recommend.

I would appreciate your answers as soon as possible. Thank you very much for all your consideration.

Sincerely,

Anne Machung

(Miss) Anne Machung

May 13, 1969

MEMORANDUM FOR GENERAL O'CONNELL

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

Clay T. Whitehead
Staff Assistant

Attachment

cc: Mr. Whitehead ✓
Central Files

CTWhitehead:ed

May 7, 1969

MEMORANDUM FOR

Mr. Rosel Hyde
Chairman
Federal Communications Commission

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

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

Clay T. Whitehead
Staff Assistant

May 13, 1969

MEMORANDUM FOR BILL MORRILL
BUREAU OF THE BUDGET

Here are some comments on the Federal Communications organization memorandum.

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

Some specific comments:

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

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

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

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

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

Clay T. Whitehead
Staff Assistant

Attachments

cc: Mr. Whitehead
Central Files

CTWhitehead:ed

Bureau of the Budget

ROUTE SLIP

TO MR. WHITEHEAD

Take necessary action ☐

Approval or signature ☐

Comment ☐

Prepare reply ☐

Discuss with me ☐

For your information ☐

See remarks below ☐

FROM

BILL MORRILL

DATE

5.12.69

REMARKS

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

MEMORANDUM FOR THE PRESIDENT

Subject: Federal communications organization

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

Conclusions and recommendations concerning Federal communications organization.

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

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

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

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

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

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

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

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

(4) unified frequency spectrum management process.

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

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

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

Current organization for communications policymaking

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

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

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

Organizational alternatives

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

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

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

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

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

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

(a) Commerce

Advantages

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

Disadvantages

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

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

(b) Transportation

Advantages

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

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

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

Disadvantages

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

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

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

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

Considerations for selection

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

Sequence and timing of communications reorganization

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

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

Executive Order and other Executive actions

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

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

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

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

all?
which?
(State)

Reorganization Plan action

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

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

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

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

Telecommunication

Monday 5/12/69

4:50 Mr. Washburn called to say he has a little information about Congressman Dingell's plan. He is going to be holding hearings on June 7, 8, 9 (somewhere in there). Mr. Washburn says they're told it will be in the Land Mobile Radio Select Committee on Small Business -- and that on the 10th, they're winding it up and he (Dingell) would release the Rostow report. Rumor (Bill Hickman) has it that that's the way Dingell is talking. And after that anything the W.H. does would be academic because he's putting it out.

Telecommunications

Monday 5/12/69

4:10 Dr. Lyons says the House Foreign Affairs Subcommittee on national Security policy is opening hearings tomorrow on direct broadcasting via satellite.

Files
Corres.
McLaren
Hammond
Baker
Mahaffie
Evaluation
Chron.

George H. Revercomb
Associate Deputy Attorney General

May 9, 1969

Donald I. Baker
Chief, Evaluation Section
Antitrust Division

Klein's
Mr. Ziegler's Speech -- Pending
Communications Issues

This is in response to your request that I give you a brief outline as to where the Department stands on the various controversial issues in the mass media communications area. These issues include (1) joint newspaper publishing arrangements; (2) concentration of control of local mass media (broadcasters, newspapers, and CATV); and (3) the status of the Presidential Task Force Report on Communications.

The only public action that this Administration has taken to date has concerned the ownership of CATV systems by competing local media in the same market--principally television broadcasters and local newspapers (see Attachment A). In the Department's filing before the FCC on April 7, we expressed our general concern that "common control of competing mass media in a local market will result in elimination of competition, as well as inhibition of a technical development in new fields." We pointed to various legal authorities which in the past have required the Commission to give weight--and in some cases controlling weight--to antitrust considerations in resolving public policy questions. We were particularly concerned that control of CATV systems by direct competitors might cause CATV to fall short of its technical potential. Accordingly, we recommended that the Commission not permit CATV systems to be controlled by television broadcasters and newspapers in the same market.

This action represents a continuation of past antitrust policies. It also is in accordance with the general recommendations of a confidential task force headed by George Stigler, appointed by this Administration. It recommended that the Antitrust Division continue its efforts to give competitive policies wider

play in fields of regulation. (Since both the existence of the task force and its recommendations remain confidential, this should not be disclosed outside the Administration.) Dick McLaren has emphasized on a number of occasions that it will be his policy to seek to displace detailed regulation with competitive forces; in the broadcasting area this would imply that less weight would have to be put on such regulatory tools as the "fairness doctrine", since lack of fairness would be more likely to be offset by action of competing media in a local market with a number of voices.

Newspaper-Television Combinations. The Department has taken two actions in the last year to deal with the acquisition by a dominant newspaper of a leading local television station, or vice versa. In the Beaumont case before the FCC, we opposed a television license transfer to the only local newspaper, on the ground that it would violate Section 7 of the Clayton Act. In the Rockford case, we brought an antitrust action charging an acquisition by a television station of a local newspaper would violate Section 7. The parties in Beaumont abandoned their transaction, and the parties in Rockford have agreed to a settlement which would involve divestiture of one or the other interest. Thus neither proceeding is pending.

There are three pending FCC license renewal proceedings in which the common control of a television station and a leading local newspaper is at issue. Two of them have been put down for hearing (involving KRON in San Francisco and WCCO in Minneapolis); we have not intervened in either of these. We have, however, requested a hearing on the KFBC-TV renewal in Cheyenne, Wyoming--a situation where the local monopoly newspaper owns the only TV station, CATV system, and the only full-time radio station, thus accounting for over 90% of advertising revenues in the market (see Attachment B). This is pending.

There, also, the FCC's so-called "one to a market" rule-making proceeding would limit broadcasters to a single outlet in a local market. It would apply prospectively only to new licenses and license transfers. Our comments supporting the rule are attached (Attachment C). This proceeding is still pending.

Newspaper Joint Operating Agreements. Earlier this year, the Department won the Tucson case involving a longstanding joint operating arrangement--which included joint printing, distribution, circulation, and sale of advertising. The Supreme Court ruled that joint sale of advertising was per se illegal (price fixing) under the antitrust laws. Concern about the case has led to introduction in the Congress of various bills, including H.R. 279 and S. 1520 in the present Congress. These bills--which pass under the title of "The Newspaper Preservation Act"--would allow joint ventures between competing local newspapers on the basis of a finding much more liberal than the "failing company" defense to a merger normally applicable under the antitrust laws. The Department has vigorously opposed this type of legislation in the past. I would assume we will continue to do so, since it represents a substantial retreat from antitrust principles. Our position is that we are willing to try to work out settlements which would permit two competing newspapers to set up joint printing and distribution arrangements, but would, at the same time, keep them separate so far as competition for their advertising and actual circulation are concerned. This would enable newspapers to achieve the economies which can come from joint printing and distribution--without giving up competition for advertisers or subscribers. Negotiations are being conducted on this basis with the Tucson newspapers and, I believe, with some other joint operators. It goes without saying that this issue is extremely controversial at the moment.

The Presidential Task Force Report is also controversial because it was widely leaked to the press at the time it was transmitted to President Johnson in January. In particular, it has various recommendations to strengthen the competitive role of cable television. The Antitrust Division participated in the formulation of the report, but we do not have any position as to whether they should be issued or not. It is simply something Mr. Ziegler should be aware of because he is very likely to be asked questions about it.