

CEP

~~Judy~~

OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON

To: CTW

From: H G

What do you
want to do with
this?

~~Nothing~~

MEMO

from
Bruce M. Owen

TO: Tom

FROM: Bruce

Here is the memorandum you requested, or
at least a draft of it.

I look forward to seeing you on the 16th.

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by a period.

STANFORD UNIVERSITY
STANFORD, CALIFORNIA 94305

Owen,
Bruce

DEPARTMENT OF ECONOMICS

July 6, 1973

TO: The Honorable Clay T. Whitehead

FROM: Bruce Owen

SUBJECT: Your Request for Memorandum Justifying OTP's
Inclusion in the Council on Economic Policy

The raison d'etre of the Office of Telecommunications Policy is the heretofore unmet need to provide a focal point within the executive branch for the formulation of policies toward those industries which fall under the "communications" rubric. These industries include the world's largest public utility (AT&T), some 1500 other telephone and telegraph companies, more than 8000 radio and television stations, the networks, public broadcasting, cable television, satellite communications, and their related electronics supply industries. There is in addition the task of allocating the radio spectrum itself among competing uses and users, a task which OTP shares with the Federal Communications Commission.

The principal issues in communication policy are economic issues. They include, for example, issues of competition and entry in various segments of the telephone business as well as broadcasting, public utility regulation, concentration of control, antitrust, vertical integration, and pricing policy. There are, to be sure, some important "non-economic" issues, such as the role of government in the regulation of mass media content, but even these are inseparably tied to underlying issues of economic market structure.

While there is almost universal agreement among observers of the communications industry that OTP, or some organization like it, is both useful and necessary, there is also widespread agreement that the Office must observe the thin line between "communication policy" and administration "press relations." Since the press relations of any administration will naturally color its perception of what constitutes appropriate economic policy toward the media (and vice versa), every available device must be utilized to insulate the two sets of issues. If OTP is perceived, both within and outside the government, as an aspect of the national (micro)economic policy machinery, the objective is more likely to be realized.

The reasons for regarding OTP as an appropriate element of the Council on Economic Policy can be enumerated as follows:

1. By analogy: The role of OTP is essentially similar to that of the Department of Transportation, and involves similar relations with independent regulatory agencies (such as the FCC and FTC), and with the Congress. It is also analogous to the new Energy Policy Office.
2. By virtue of the nature of the policy issues: The principal issues in telecommunications policy today, including the broadcasting sector, are issues of competition or entry as a substitute for regulation, pricing policy in public utility regulation, technological innovation and productivity growth, international economic cooperation, and antitrust policy.
3. By virtue of the economic importance of the relevant industries: Consumer expenditure on common carrier communications is now running at about \$25 billion per year. The best available estimates of the value to consumers of television broadcasts is about \$20 billion per year. Together with the contributions of the other communications industries, these figures suggest that communications is of about the same quantitative importance in the economy as transportation or energy. It is true of course that there is no "crisis" in communications as there is in energy and transportation, but good policy work may be necessary to preserve this happy state of affairs, particularly since the experience with regulation in this industry exhibits no greater degree of enlightenment than does regulation of energy and transportation.
4. Because of the need to separate "press relations" from communications policy: OTP will be less than fully effective if it is seen from the outside, or used from the inside, as an adjunct of administration press relations. There is some danger that this has already occurred.
5. Because of the need to coordinate government economic policy: Presumably, the reason for creating the Council is to provide for a coordinated approach to economic policy issues which have common elements. This effort is more likely to be successful if all of the relevant agencies are included in its deliberations than if some significant sectors are omitted.

March 20, 1973

*Council on
Economic Policy
(under)*

MEMORANDUM FOR MR. JON ROSE

Subject: Economic Information for the White House

Usable economic information is crucial to the effective operation of the Council on Economic Policy, the Council on International Economic Policy, and the Special Representative for Trade Negotiations. The increasing importance of economic issues dictates the establishment of an information system to meet this urgent need. One small office, adequately staffed, can meet the information requirements of all three organizations, as well as serve as an informal coordinating mechanism.

The information office would obtain and put into useful form for use by officials of the three organizations information from all sources: cables from State, Treasury, and other U.S. Government entities; AP and UPI teletype copy; the Congressional record, memoranda of conversation, etc. CIA classified reports would be handled as a part of the information operation.

Processing of information would include early morning and late afternoon summaries for ranking officials, as well as routing of incoming traffic to staff officers working on specific problems or on geographic or functional areas.

Information would come from Departments and agencies by courier, by teletype, by encoded message teletype, and by facsimile. (Charles Joyce should be brought in to work on this because he is the authority and has already set up facilities for the Executive Office of the President.)

In order to ensure that all pertinent information from the Departments and agencies is made available to the information office, the principals or their representatives should ask ranking officials in State, Treasury, Agriculture, Commerce, CIA, etc. to see that their organizations cooperate by facilitating the provision of information.

Personnel required to operate the office would be one middle-grade officer and two full-time assistants. The officer in charge would be tasked with increasing the range of information

received and processing it to fit the needs of specific ranking officials. Because he would be handling information as information, he would not be involved in taking any action other than improving the timeliness and usefulness of his product. In the beginning, he would need a feed-back from the users of his product, both ranking officials and staff members. His two assistants should be young, bright, active types, preferably career CIA, FSO, or military, who would serve a year or two and then return to their organizations.

Space requirements would be two offices with the possibility of expanding to an additional room to house electronic equipment, such as additional teletypes, which may become necessary. The location should be adjoining but not part of the office responsible for receiving papers for the three organizations.

Operations should begin on an 18-hour basis, 6 a.m. to midnight, expandable to 24 hours if required later.

Equipment at the start would be minimal and would never become extensive because its sole purpose is to move rapidly information from one place to another. Filing would be minimal because the office would be neither a record office nor a library.

In summary, an information office can be set up and become operational promptly given the principals decision to try it. Its usefulness will be measurable within six months and the scope of its operation can be decided as it proves its worth.

SIGNED

Bromley Smith

BSmith:lmc

cc:

DO Records

DO Chron

Mr. Whitehead ✓

Eva

International

BKS Subject

BKS Reading

*Discussed w/
Ken Dam 3/19*

*Economic
Issues*

Economic Issues in Communications

Mass Media Communications

Cable
License renewal legislation
Network structure
VHF/UHF additional stations

Domestic Common Carrier Communications

Interconnect and brokerage
Land mobile
ATT

International Common Carrier Communications

International coordination -- FCC, State, OTP
International regulation
Aerosat/Marsat
Pacific Basin

December 22, 1972

MEMORANDUM FOR

Honorable George Shultz
Secretary
Department of the Treasury

The formation of the new Council on Economic Policy presents an exciting opportunity to bring together in a logical way those parts of the Government which must pursue consistent policy objectives in dealing with similar issues and problems.

This Office is responsible for economic and other policies for the communication industry (telephone, telegraph, broadcasting, international communication, satellites, etc.); by default we also have been handling film and print media economic matters. The communication industry rivals such sectors as transportation and agriculture in economic importance and degree of regulation; surpasses them in growth and technological change; and swamps them in degrees of political sensitivity. In many important respects, this Office plays a role analogous to the Departments of Transportation and Agriculture, despite its small size.

In view of the role played by this Office, the industry with which it deals, and the necessity for consistency in the Administration's policy approach to economic matters, I feel OTP should be included in the membership of the Council on Economic Policy. This is particularly important in view of our responsibilities for coordinating the communications policy positions of the agencies of the Executive Branch, many of which are represented on the Council on Economic Policy. If OTP were excluded from the Council, its effectiveness would be seriously impaired, contrary to the purposes of both OTP and the Council.

Signed
TOM

Clay T. Whitehead

- cc: DO Records ✓
- DO Chron
- Mr. Goldberg
- Mr. Whitehead
- Eva
- Mr. Smith*
- Mr. Toga*

HGoldberg:kmj:12/22/72

Special
12-26-72

December 22, 1972

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Mr. Goldberg

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Mr. Smith
Mr. Eagle

HGoldberg:kmj:12/22/72