



Outline of speech delivered to the National Chamber's Communications Committee on January 14, 1970

- Asked to talk about reorganization of communications management systems in the executive branch.
- When I accepted, I thought I could read a short paper I had written called: "Executive Branch Organization for Telecommunications."
- Now, thanks to a certain Congressman and our "info econ," you have all read it (or at least summaries) and I must reconsider.

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-- Let me focus more on why than what.

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- See Ed Crosland. Spent AM on space message -- and am reminded of a comparison I once made that puts communications problems in perspective.
- No engineer, but short engineering background.
- Worked on Apollo, more amazed than layman.
- Worked at BTL, ---
- In short, we never had it so good.
- Then why are we so concerned that we reorganize, strengthen, put in EOP?

I.

- Government is a very large user of communications, both general and special purpose.
- We need to be sure we are doing best job possible in procuring and operating.

- Historically, communications hasn't fit well:
- Dept. of Commerce -- pulls together communications, but creates coordination problems with users.
- Leave in departments -- communications fragmented -- nowhere to see whole and hard to get economies.
- We felt we needed a better capability to look at the what and why and how much of government communication.

## II.

- There is an increasing interaction of communications with the rest of our society and economy (no comp. w/VP not talking about mag. but medium).
- Communications has changed from an industry that facilitates commerce to an industry that is inseparable from the commerce of the U. S.
- Also note change:
  - not just constant change, but rapidly increasing rate of change.
  - not just growth and improvement of telephone service, but qual. diff. kinds of change.
  - not just technical change pushing the industry, but also social and economic change pulling.
- The lesson here is that we must bring communications policy into the rest of the government policy process -- it can no longer be so isolated.
- One is tempted toward a var. of the old saw:
  - Communications is too important to be left to the communicators.
  - Some truth, largely because communicators have done such a good job.
  - But more: Communications is too important for the policy generalists to continue to ignore.



### III

- Third reason for our concern is current difficulty of focusing executive branch on these kinds of problems.
- Rostow report -- not so much lack of place to tell us what we thought (our job).
  - no place to go even for analysis.
- Domestic satellite -- too important to be ignored.
  - a way of bringing together the common and the general policy people.
  - but ad hoc and no way to do business over long haul.

#### What are we planning?

1. OTP  
TRAC and others  
FCC untouched
2. What will we do? 30 planners and Parkinson's law.  
We will NOT:
  - move toward more detailed government manipulation of industry.
  - seek to pre-empt FCC/Congressional prerogative -- fine line.
  - start another Rostow report.

#### We WILL:

- strengthen executive branch capacity to procure and operate own communications efficiently and effectively.
- strengthen executive branch capability to participate in the national policy dialogue with FCC and Congress and industry.
- bring communicators and communications into closer touch with overall national policy issues and policy-makers.
- engage in in-depth studies of particular problems as they arise or as policy initiatives become timely.
- Put me out of business.



Focus primarily on general policy issues such as reassessment of monopoly, competition, and regulations rather than specific detailed decisions.



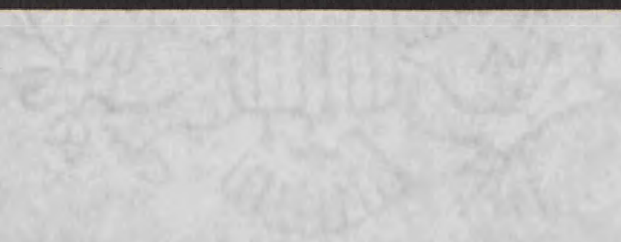
WINCON Conference

2/11/70

Biltmore Hotel, Los Angeles, California

NO NOTES





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Remarks of Clay T. Whitehead  
Before the  
Electronic Industries Association  
March 10, 1970

Our domestic satellite policy proposals have been widely regarded as a fundamental departure from past policies in the communications area. And yet there has lately been a growing feeling that we really didn't mean it after all; that our statement could be interpreted as a change in regulatory policy rhetoric, but status quo in terms of industry structure and regulatory procedure.

My message today can be summed up in one sentence:  
We really meant what we said.

I am afraid, however, that we may not have said all that we meant. I originally had no idea that we would have to be as explicit in our policy recommendations as we were. We knew the subject was complex, but little did we know how complex. As our study drew to an end, we endeavored to reduce some of the complexity by being as concise as possible in stating our recommendations; I now suspect we did too good a job of being concise. Some have read us very clearly, but others have voiced either confusion or misinterpretation. My purpose today is simply to clarify certain aspects of our statement.

We started from a statement of the general objective of government involvement in what is, after all, a private enterprise activity: the encouragement of reliable communications services



for public, business, and government use, at reasonable rates, and the assurance of a healthy environment for continuing innovation in services and technology. We concluded that government policy should encourage satellite systems to the extent private enterprise finds them economically and operationally feasible. Well, that's a heady level of generality, and it was a long way from that general objective to the specific policy guidelines we proposed. Each section of our statement, and indeed each sentence, is the distillation of considerable background studies and analysis. Let me cite two examples to show what I mean:

We said:

"At this stage of domestic satellite planning, it is not possible to identify major economies of scale. Rather, it appears that a diversity of multiple satellite systems as well as multiple earth stations will be required to provide a full range of domestic services."

That does not mean that we spent so little time looking at the question that we simply admitted our ignorance. Rather, we went very deeply into the issue -- perhaps more deeply than any other because of the many different viewpoints. We found that satellite costs per channel did indeed decline with larger satellites.

But we also found that there are real economies in optimizing a satellite for television distribution or data communication compared to multi-purpose design optimization; and that there were important cost and design tradeoffs between the satellite and the earth stations that make different system configurations economically optimum depending on the services to be provided. The system configurations required for one-way television distribution are quite different from those required for two-way high-speed data interchange; and both are different from the features that would be required for general public message traffic. On the other hand, for given classes of service, there are clear economies of scale both technologically and operationally. All these considerations went into our two-sentence conclusion.

Another example:

We said:

"The issue of radio resource scarcity for satellite communications has been overstated to a significant degree. While the communications capacity of this resource is finite, the ability to accommodate additional radio services is greatly expandable through administrative, technological, and operational innovation."



I could talk for the rest of the afternoon on this one, but let me focus briefly on the kinds of considerations we examined under the one category of administrative innovation. Minimum earth station antenna diameters can be established . . . both for transmit-receive and receive-only stations. The 6 gigahertz up/4 gigahertz down rule can be reversed over large geographic areas under certain standards for satellite design and interference standards. Other frequency bands can be utilized for satellite service. Maximum flux density limits can be varied to accord with new terrestrial microwave standards and/or interference tolerance standards.

I think you can begin to see then why our short statement may have been a little too succinct for some tastes. But I don't want to overdo it either. I believe our policy is reasonably understandable -- even if some press reports that we were calling for absolutely untrammelled competition were a bit oversimplified.

Having established what we all already knew -- that this is a very complicated subject -- let me move on to emphasize one thing we did not mean by our statement. We had no intention of steering the FCC or the industry toward some preconceived outcome. Anyone who



interprets our statement as an attempt to downgrade Comsat, to make life easy for the networks, to help or hurt AT&T, or to secretly lay the way for Baskin and Robbins to get into the space business is just plain wrong. If that was what we had wanted to achieve, I assure you we could have worked that out much faster and with much less analysis than we in fact went through.

The purpose of policy-making, in my view, is to define new rules for doing business in response to changing technical, economic, and social conditions -- in other words, to alter the rules of the ball game. We tried to do the best job we could in defining new rules for the domestic satellite ball game. Given those new rules, some will do better than others; some will choose not to play. We have no illusions that we have solved all the problems. What we have in fact done is to exchange one set of problems for another set of problems. But we are convinced that the public and the potential users of satellite services will be better off with the new problems than with the old, and that the public interest will benefit from such an approach.

The new rules that we have proposed can fairly be characterized by competition, but only competition of certain kinds, under certain conditions, and in certain ways. Competition is not an end in itself. It is rather the primary way we in this country have used

to channel our economic and technical resources into productive purposes for our benefit. The communications industry -- and government policies toward that industry -- have drifted away from many of the concepts on which our economic and social structure is founded. Our satellite policy is an attempt to restate in one area the case for both competition and regulation and how they complement one another. That we called for some competition should not be newsworthy in America; rather it is newsworthy that so many found that thought newsworthy.

Our policy recommendations cannot be lightly extrapolated to all areas of communications, since they were based only on an analysis of satellite technology and economics. But neither can they be viewed simply as a different philosophical backdrop to the regulatory policies of the recent past. I would like to sketch out some thoughts about how the regulatory process would be different if our proposals were adopted.

Our proposals for competition were restricted to the provision of specialized communications services. Private systems, common-user systems, and specialized carrier systems should be approved on a showing of economic and technical capability. That means no drawn-out evidentiary hearings to determine if the proposed system is the most economic way of providing the capability. And no hearings to determine impact on existing or proposed common carriers. In



short, you apply; if your proposal is technically correct your application is approved and you proceed with construction. There is no benefit to be derived from filing to get your name in the pot, nor to give you standing before the Commission in a hearing on competing applications. Under our proposals, there simply would be no such thing as competing applications or specialized services. Spectrum use conflicts would be resolved by the Commission administratively.

But what about spectrum shortages and the finite supply of orbital "slots"? First, we don't believe in the concept of orbital slots: it is too static and rigid a concept for such a dynamic field. Second, we don't expect that the geostationary orbit will be flooded by satellites. Satellite systems may cost up to \$100 million or more, and few companies have the economic and technical resources to embark on such an enterprise. So you will not get the kind of competition you see when a large number of small suppliers are involved. But it is still important that potential providers of satellite system services have the flexibility to erect systems responsive to the needs and desires and willingness to pay of potential users. The systems that evolve out of this approach to regulation are likely to be considerably different and considerably more useful than a system prescribed by a chartered monopoly or by administrative fiat in an attempt to satisfy all interests.



We have not recommended that common carriers be excluded from the satellite business. Rather, we have recognized the legitimate requirement that common carriers be regulated and have recommended that standard FCC procedures be applied where the common carrier wishes to use the satellite for his monopoly public message service. If the common carrier wishes also to provide specialized satellite services, we recommend a public evidentiary hearing on each case to assure that no cross-subsidization will occur between his monopoly services and the specialized services. This provision is necessary to assure that monopoly power is not used, purposely or inadvertently, to preclude legitimate competition in the specialized services.

So evidentiary hearings would be required for common carrier applications under our policy. They probably also would be required for common-user joint ventures. At the same time, it would be highly undesirable for the entire licensing of domestic satellite systems to be stalled while the Commission, at its leisure, considered the special problems inherent in applications from common carriers or joint ventures. Other specialized applications should be granted while these hearings go forward.

Let me now turn to the anti-trust aspects.. Some people are surprised to hear that antitrust law has any bearing in regulated industries. This is not only very much the case, but is so much so that in our effort to be concise, we omitted much reference to the subject. That may have been a mistake.

We did address the question of common-user joint ventures. The most likely example of this is a consortium of television networks joining to own and operate a television distribution system. Here, we felt it important to note that our analysis suggested that such systems would not be in violation of the antitrust law if all potential similar users were afforded an opportunity to join the consortium on a nondiscriminatory basis.

We did not address joint-supplier ventures, because this seems so well covered in the antitrust law. It seems appropriate to emphasize, however, that we would not welcome joint ventures of this type, where the effect would be to preclude competition by other potential entrants, or to result in only one system where the two joint venturers might reasonably establish separate systems of their own. We did not and do not envisage competition of the corner grocery type in this area; but as I mentioned earlier, competition among potential entrants is especially important in such cases, and can be expected to be beneficial.



There are too few potential entrants in the domestic satellite area at this time to allow combinations of such entrants for purposes of dividing up the pie, to the detriment of the potential users of such services. Nor can we accept the shiboleth that such combinations permit overall system optimizations not possible in so-called "fragmented" systems owned by competing firms. If we accepted that argument, monopoly and cartels -- not competition -- would be the American standard.

In closing, I want to emphasize that we have sought to find policies that are consistent with the needs of a rapidly advancing art. In the first place, the type of decision-making we would require of the FCC would be much more timely than past regulatory methods, and much less dependent on second-hand data, uncertain projections of demand and technology, and slanted claims and counter-claims. Secondly, it would encourage potential innovators and offerors of new services to think more concretely about their market possibilities. It would encourage them to search out the needs, desires, and willingness to pay of potential users -- to the benefit of both. Unlike the current situation in terrestrial services, the potential provider of satellite services would not be faced with a long, costly, and uncertain legal effort that can only deter<sup>l</sup><sub>the</sub> him from making the effort in the first



place. And it would also force potential users of satellite services to think through the benefits and the economics more thoroughly than they have in the past.

One final note: We have proposed that this new policy approach be adopted on a provisional basis for 3 to 5 years. The reason for that is that no policy can be expected to be correct indefinitely. And we recognize our own fallibility; situations may develop that require changes in our approach that we did not foresee. However, that does not mean that those who put up systems under the interim policy would be risking the loss of their systems and investments at the end of the period, but rather that requirements for new entrants might be changed and some overt rate regulation may become necessary. The necessary changes, in any event, would depend as much on the behavior of those in the business as on the government.

We hope that the way is finally clear for the American electronics and communications industries to turn the great potential they have created into economic and operational reality.



Joint Council on Educational Telecommunications

3/25/70

Philip Murray Building, Wash., D.C.

NO NOTES





Remarks of Clay T. Whitehead

Before the

National Association of Manufacturers

March 31, 1970

I. After last week, FCC is the Telecom Tiger.

II. Reluctant to tell experts about telecommunications; would rather tell you about how we look at telecommunications policy.

1. Telecommunications is important in our society and economy and getting more so. (TV, satellites, telephones and mobile society, media and news dissemination, etc.)

This is one of the major reasons for establishing the new Office of Telecommunications Policy.

a. Will be the President's principal advisor on telecommunications issues.

b. Will formulate policies and coordinate operations for Federal Government's own telecommunications activities.

c. Will enable the executive branch to speak with a clearer voice and be a more responsible partner in policy dialogues with industry, FCC, and Congress and public.

Will not become a mini-FCC: Issues for major statements will be picked with care, not in large numbers. Emphasis is on cooperation and coordination.

Spectrum management: A major effort to do better; improve and be more flexible where we already have good cooperative spirit.

2. Telecommunications should be more a part of the wider American economy, rather than just a service to it.

a. We have only dimly perceived the implications of the "informed economy, "wide-band cable access to the home, truly widespread mobile communication, etc.

3. Government institutions need to be more flexible to deal with the rapid change that is upon us -- and industry institutions too.

a. Change is not only rapid, it is qualitatively different: 20% growth rate and new technology is quite different from availability of cable TV, mushrooming data communication, etc.

b. We have demand pull and technology push combining.



4. We must recognize that government policy and industry efforts are not independent. The concept of government regulation simply slowing or speeding what industry wants to do is overly simplistic: Innovation will head into new directions or not, depending on policy and policy takes its cues from industry potentials. Satellites example.

5. Government policy should move more toward rationale and carefully defined policy guidelines and away from case-to-case ad hoc adjudication.

6. Satellite policy statement is an example of all five of these points: (1) importance; (2) a part of the economy; (3) more flexible government and private institutions; (4) interrelation of government policy and industry direction; and (5) policy by rationale rather than adjudication.



4/10/70

Role of Analysis in White House Decision-Making  
McGill Seminar

1. Scope and complexity -- seem to be believed.
2. Coordination and feasibility solutions vs. purposive decisions= Information collection vs. analysis.
3. Complexity, magnitude of problems + uncertainties + lack of knowledge = no global "solutions" (cognitive and factual limits). In fact not clear what a "solution" is.

4. Objectives

- A. Many objectives: important part of the problem is choosing what you can and can't make progress on. (Somehow high political feelings help, sometimes hurt.)
- B. General vs. specific (general usually known; specific must be derived).
- C. Specific objective generally derived as much from alternatives available as from general objectives.

5. President as institution

White House staff and Cabinet shared general objectives or sense of Administration. Decision always must be made: push to President; make; push down.

6. Options

- A. What you want to do very dependent on options available and how viable they are.
- B. Good options are very hard to find; they must be created -- synthesized.

7. Bureaucracy

- A. Bureaucratic interest in status quo. and helping the President -- importance of "Administration" and political loyalty, e.g., Loy.



- B. Difficulty of getting downward flow of information, objectives, etc. President/White House relns. bureaucracy.
  - C. Extreme difficulty of curtailing programs.
  - D. Power at once tremendous and trivial.  
Power to create issues -- publicly or in bureaucracy.  
Power to change.
  - E. Need to create options/check for political feasibility and costs.
8. Principal roles of analysis in White House then:
- A. Feasibility testing -- coalns, \$, impact perceived, impact realized.
  - B. Option synthesis.
9. The frame of reference problem
- A. One man's analysis is another man's BS or inanity or naivete.
  - B. The problem of communications -- bureaucracy, public, industry/interest groups/Congress/Executive
10. Examples:
- A. Health Service Delivery  
Know generally what want, no viable options.
  - B. Domsat  
Anal 2 roles: (1) justifying general thrust of policy we wanted that was in turn largely judgmented; (2) clarifying problem and suggesting side condx that made policy better.
  - C. Merchant Marine  
Informed us of causes and consequences and forced agreement within Administration on same.  
Sharpened decision to be made.  
Didn't so much change substance of what President decided, but context and frame of future reference.



Remarks of Clay T. Whitehead

Before . .

EDUCOM

April 15, 1970



- Pleased to be here.
- Rather presumptuous to talk about more effective communications.
- As you know, this Administration has been somewhat active in telecommunications.
- Thought you might like to hear about two subjects (what we are trying to do generally in telecommunications policy; and what we specifically are trying to do in domsat policy).
- Then to give me equal time, I'd like to say a few words about one of my special personal interests -- how we communicate.

First

- What are we trying to do generally in telecommunications policy?  
Why? -- non partisan
  - not major political issue
  - some problems, but on the scale of things in Wash., telecommunications works pretty well
- We are involved because telecommunications is important to our society and economy -- and getting more so.
- Story: When telephone was a growing industry, some pragmatist asked of what benefit it could be. When told it could enable someone in Maine and Texas to talk to one another, he replied, "What could someone in Texas and someone in Maine possibly have to talk about?"
- Well, we have clearly gone through and past that stage. We now talk around the world. And we communicate data and images as well as voice.
- Because this industry is so important to our social and economic future, we felt the Executive Branch should have a better capability to be informed about the potentials and the problems and the implications for public policy.
- The new OTP will become effective April 20.
  - It will be complemented by TRAC (economic and technical analysis)
  - Will devote about 1/2 time to Federal Government's own communications activities; 1/2 to broader national policy objectives.
  - Purpose is to make President a better partner in the dialogue among Executive Branch, Congress, and FCC.
  - Will not take away any powers or functions of FCC or HEW or Congress.

## Second

- Telecommunications must become a part of the wider economy rather than just a service to it.
- Focus must shift from efficient reliable telecommunications (which we have) to effective use of telecommunications to achieve our broader economic and social objectives, be those objectives to educate in the ghetto, to provide better health care, to entertain, to direct taxi cabs and delivery trucks to users, to secure and coordinate airline reservations, or to provide vocational education.
- We are beginning to see this, we will see it more.

## Third

- Government institutions must become more flexible to deal effectively with this rapid change.
- Change is rapid qualitatively as well as quantitatively.
- This puts a real strain on public policy. We need to find new ways to make policy that is both resilient and sturdy -- not easy.
- But industry and non-government public and private institutions also must find ways to be more flexible. It is easy to see government's inflex; harder to see our own.

## Domsat

Let me now talk a little about our domestic communications satellite policy. It is an example of what I have been talking about.

- 1. Unusual for White House to make policy recommendation to FCC; we did because important.
- 2. We also did as vehicle to force more contact between communications people in government and economists and policy types.
- 3. Our proposals emphasized flexibility, putting as much decision-making as possible with the potential users and suppliers of services, with constraints where necessary to assure the policy produced results for the public interest and not against it.



- 4. We built in incentives for the suppliers to seek out and meet the needs of the users; but we did not try to second-guess what those needs were nor how they can best be met. We don't know and I doubt the users know very well. We hope to facilitate rather than to dictate.

Let me say a word I know will be of interest to this audience -- why we omitted reference to free satellite communications for educational purposes or the reservation of satellite space for that use.

-- It was not an oversight.

-- Our concern is to encourage the rapid and reliable development of a vigorous, innovative telecommunications industry.

\*\* Not in the sense of assuming profits, but in the sense of meeting the users' needs for existing services and creating new services that can help all potential users do their thing most effectively.

\*\* The reservation of satellites for education or the requirement that education be given free services is an indirect way of subsidizing education. This is not a priori bad, since education is recognized as a public responsibility; but should not distort too badly our telecommunications policy at the cost of future performance and innovation to achieve a few million dollars extra for education.

What is the relation of this to the title of my talk?

-- Too long, we have focused on the content of communications and the technology of communications independent of one another.

-- We must begin to think more about how they interact.

-- And about how we use communications to achieve broader purposes better rather than how we use communications to do differently the same old things.



- Messages must be: conceived/produced/received/accepted/understood.
- We need more thought about the middle of that spectrum (receiving and accepting) as well as on the two extreme ends.
  - A. Don't confuse the existence or availability of a communications channel with the achievement of communications.
  - B. We need more matching of messages and receivers. Diversity will magnify this problem. More differentiated audience will permit more selective programming and educational targetting, but will require far more serious thought about what we say and how we get it to the user when and where and in a form he will want to assimilate it.
  - C. Flexibility and individualization in communications can be achieved technically, but
    - Can we generate the program content in volume and quality in practice?
    - Can we match the material and the user in real time?
    - Can we do it economically?
  - D. The younger TV generation offers new potentials for wholly new ways of communication and educating. Technical change also offers new potentials.
  - E. Confluence technical and social change = rate opportunity new thinking about what communications really is and what it can really be used for in terms of our broader objective.
  - F. Telling EDUCON is like carrying coals to Newcastle.  
Telling you we need to do better is gratuitous.  
Urge you to continue.



Remarks of Clay T. Whitehead  
Before the  
National Cable Television Association  
April 30, 1970



I am very pleased to be here with you tonight. I consider this to be a very important conference indeed. For with your first talks about CATV program origination, I believe we are seeing the conception, if not the birth, of a new industry. Your future in this area will be both exciting and frustrating, and we can only dimly foresee what it will all become.

It is particularly hard for us in Washington to see what it will all come to, for I sense that even within your own membership it is not at all too clear, and we are one step removed from your intimate knowledge. However, it is certain that what happens in Washington will have an impact on your future -- and on the kinds and quality of service you are able to offer the public.

The White House, of course, has very little direct responsibility for CATV policies. The FCC is statutorily responsible for all interstate wire and radio communication regulation, and the Congress is responsible for any new legislation that might be needed to change major policies in the public interest. We are something more than an uninterested bystander, though. Telecommunications has become such an interconnected part of our society and our economy, that we must take an interest in public policy in that area.

Now we have not taken a very close look at the problems of CATV regulatory policy. But someone did come up with a set of proposed guidelines, and since Herb Klein insists we keep the public informed, I thought I would pass them on to you tonight. I must emphasize though that these cannot be construed as Administration positions at this time. You will see that we have drawn on some positions previously taken by others in this area:

-- Distant signal importation would be allowed under the following circumstances:

- a. In the top 84 markets, only if there are fewer than 7 stations, at least two of which are educational, UHF, or otherwise nonprofit; and only if the CATV distant importer does not own a controlling share of a daily newspaper in the market or of the local phone company, or own a chain of more than 10 movie theaters.
- b. In markets 85 through 108, only if the local TV stations, newspapers, and/or PTA chapter do not file a written objection in advance of each program to be imported; or if third-class mail capacity of the local post office is certified to be inadequate by the Postmaster General.
- c. In the other markets, only if the Chairman of the FCC resides there.



-- Program origination will be restricted to one channel during prime time on alternate Thursdays unless justified in advance by a public hearing before the FCC. On other week days, program origination will be required on 18 channels for at least 59% of prime time viewing hours; coverage of Congressional hearings for Supreme Court nominees will not be counted toward this total. Program origination, except for local high school band concerts, will be forbidden on weekends. (Bussing will not be permitted to establish a high school band as local.)

-- Interconnection of CATV systems will be prohibited for the purpose of distributing entertainment programming, except that public statements by Vince Wasilewski will be excepted from this prohibition. All interconnection must be by domestic communications satellites.

-- Ownership of CATV systems will be restricted to the following:

- a. Republicans
- b. Any resident of the market to be served unless that person shall also own an interest in a local newspaper, TV or radio station, tavern, or otherwise undesirable business.
- c. Former employees of the Justice Department Antitrust Division.



-- The public interest clearly requires that there be a balance among alternative modes of program distribution. Therefore, except as inconsistent with the above, each of the top 114 markets will be required to distribute TV programming in the following ratios: 43% over-the-air; 27% cable; 19% video tape cassettes through the Post Office; 6% slow scan over the telephone lines; 5% reserved for direct satellite-to-home broadcasting.

One final point seemed appropriate in view of this Administration's encouragement of competition and flexible regulatory policies: It should be acceptable both to the NCTA and the NAB: We may propose that CATV systems be allowed to provide land mobile communications services -- by cable, of course.

We will welcome your comments, of course.

Well, I trust that I have made a point about how we think CATV policies should NOT be approached. To return to the serious, I would like to touch on three topics: public policy and CATV; how you look at your industry; and finally, what you can expect from the new OTP.

First, public policy and CATV: Let me first make it clear that the issue is not regulation Vs. no regulation -- it is not even a question of how much regulation. It is a question of what kind of regulation. The Administration's recommendations to the FCC on domestic communications <sup>ne</sup>satellite policies are the only major

pronouncement we have made in the area of telecommunications. This was interpreted by some as an "open-skies," total competition approach. But that is not the way I see it at all. I see it as a comprehensive policy providing for competition where that seemed to be most likely to produce results in the public interest, and providing for specific, carefully drawn regulations where necessary to assure that the competition would work in that direction, or where competition did not appear feasible. It also provided great flexibility in view of the rapidly changing state of the art and the many uncertainties about the details of future satellite technology and economics.

I don't want to hold that statement up as a model for any other areas of telecommunications policy, because it was directed to a very specific policy area and was issued only after much analysis of the issues involved. However, I think two things about that statement provide some clues about how we think public policy in telecommunications should be approached.

From time to time it is necessary to back off a bit from the public policy debate and try to go back to first principles -- what is it that we are trying to achieve? We felt last year that the time had come for such a look at the domestic satellite issue. The time may well



be coming for CATV. In such a situation, it is not always easy to trace the connections between general policy objectives and specific regulatory rules. To give you a feel for what I mean, let me read a section from our domestic satellite report.

In telecommunications, the government's responsibility to safeguard and promote the public interest involves primarily the encouragement of reliable communications services for public, business, and government use at reasonable rates and the assurance of a healthy environment for continuing innovations in services and technology. This general goal must, of course, be made more specific for particular policy issues. In our review of the domestic satellite issue, we have concentrated on the following objectives:

- assuring full and timely benefit to the public of the economic and-service potential of satellite technology.
- insuring maximum learning about the possibilities for satellite services.
- minimizing unnecessary regulatory and administrative impediments to technological and market development by the private sector.
- encouraging more vigorous innovation and flexibility within the communications industry to meet a constantly changing spectrum of public and private communications requirements at reasonable rates.
- discouraging anticompetitive practices -- such as discriminatory pricing or interconnection practices and cross-subsidization between public monopoly and private service offerings -- that inhibit the growth of a healthy structure in communications and related industries.
- assuring that national security and emergency preparedness needs are met.



Not all these objectives apply to CATV, but I think this gives you a feel for how we would go about looking at the question.

Another clue from our domestic satellite study is that we put considerable reliance on defining reasonable and internally consistent ground rules that would produce behavior in the private sector that would turn work toward the public interest. We attacked the need for public regulation at the cause rather than attacking the symptoms. It is often easier to spot the symptoms than the causes, but it is a dangerous road to ignore causes for too long in public policy. In particular, it often leads to increasingly detailed regulation, increasingly contradictory policies, and increasingly greater dissatisfaction by the public. We can only dimly see how CATV may develop and what services the public may want; it would be dangerous indeed to try in 1970 to fix the dimensions and scope of an industry that may be entirely different in 1980 -- or even 1975. Past history shows how fickle technological and economic developments are. Even the greatest and wisest men in the world simply do not have the ability to see into the future, the ability to ferret out and consider in great detail what the many parts of the American public now want, and will soon want, at what price, and in what quantity.

In short, competition is an integral part of our public regulatory policies, not only historically and by virtue of several Supreme Court decisions, but of necessity. But it must be competition that will further, rather than obstruct, the public interest.

Second, how do you look at your industry? You are caught somewhere between evolution and revolution. As I have just indicated, it would surely be hazardous to guess where you will come out. Nor am I sufficiently familiar with the economics and technology of CATV to suggest where you might first zig or zag toward that uncertain future. I would suggest, however, that there are two fundamentally different ways of looking at your industry and your problems:

One is the CATV vs. Broadcasting view in which the outcome -- depending on your militancy -- is either total victory or defeat, or an acceptable dividing up of a given market pie. I think it is clear that such a view is neither constructive nor in the public interest.

The only other way that seems to make any sense to me is to see yourselves as part of the program generating and distributing industry. I hope that one result of this conference will be the beginning of that kind of self-image. It will not be easy -- for it will require new ways of thinking, adapting to the future, that is inevitably uncomfortable. But that is the only road I see to a constructive and exciting future.

Why? What are the public policy objectives involved? It is not really a preference for one technology over another. Nor is it even a question of who pays whom for what rights -- important as the copyright issues are.



The real public interest is in the availability of diverse sources of programming, and the ability of the public to affect the choices presented to them.

From that interest flow several important sub-objectives:

\*\* availability of objective reporting of world, national, and local news

\*\* the opportunity for those with specific points of view to be heard without prejudice

\*\* wide choice of entertainment options, both in kind and in time of presentation

\*\* educational, cultural, and public affairs programming

Other objectives arise because it is hard to find other ways of achieving the more basic public interest objective. For example, concentration of media ownership in individual markets is not undesirable in itself, but because it has a tendency to reduce diversity of information sources. In fact, many of our best TV station news departments are found in joint TV-newspaper ownership situations.

This is a long way around of saying that program origination seems to be an inevitable prerequisite to an exciting future for CATV. I suspect the FCC and the Congress will not look favorably on a CATV industry that is content to siphon signals off-the-air to make its profits off the limited availability of TV station assignments. In short, I suspect program origination and distribution will be a whole new kind of industry ten years hence.



But given a truly innovative CATV industry, I similarly suspect the Commission will not arbitrarily foster marginal UHF stations or protect the revenues of any TV station if cable offers the stable, diverse, and responsible programming sources the public interest requires. This means new kinds of programming to meet the demands of diversity. More in quantity, more innovation, more public interaction, more willingness to experiment. I suspect we are (or should be) on the verge of a new era in public communications both on and off line.

Finally, what can you expect from our new OTP?

\*\* 1/2 time government's own communication

\*\* other 1/2 much concerned with:

spectrum

common carrier

international

-- Don't know if there will be a CATV recommendation to the FCC.

-- Will depend on industry progress and whether we feel we have something to say.

-- Will not be a mini-FCC; will not be looking over their shoulder.

To the extent OTP is involved in CATV, it will not be over detailed regulation -- or specific cases. It will rather be on issues like:

-- spectrum usage

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-- media ownership concentration

- rights of access for program producers
- interconnection criteria
- non-program services

And I emphasize again, that we will not be feeling a compulsion to have something to say on each of these points.

I would like to close by observing that CATV is merely one more technology -- and with humble beginnings at that. But it is not too long ago that TV itself was in that situation; not too long before that for radio; for the telephone.

But these technologies thrived because they reached more fundamental human, social, and economic needs. I urge you to think broadly and deeply and responsibly about your future and the future of program origination and distribution.

To think practically too.

And to have these conferences often.





National Association of Educational Broadcasters

5/21/70

International Club

NO NOTES



1974



Remarks of  
Clay T. Whitehead  
before the  
Armed Forces Communication and  
Electronics Association Convention.  
June 2, 1970  
Sheraton Park Hotel  
Washington, D.C.

Would you believe we have had a new independent Office of Telecommunications Policy for the past month? No staff, no charter, no money, no director, and only the statutory responsibility to assign government frequencies. I'm sure glad nobody here wants a frequency. But I hope we get the new office going shortly so I can get an answer for one of the questions at the press conference about OTP: "How many frequencies are there?"

More seriously, we are progressing slowly but surely in getting the new office established. The absence of strong partisan or political pressures, I hope, will enable us to do it right.

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I am always reluctant to tell communicators about telecommunications. So I would rather tell you today something about how we in the White House look at telecommunications policy. An important thing about policy from the White House viewpoint is that it is just as important to get the right perspective as it is to get the right facts. So let me mention a few points about the perspective in which we see telecommunications in the United States today, and then turn to what you can and cannot expect from our new OTP.



Telecommunications is important in our society and economy and is getting more so. TV; satellites; telephones and an increasingly mobile society; electronic media and news dissemination; national security; air traffic control; data processing and its communications needs -- all are indicators of this present and future importance.

There is virtually no area of our society or economy not touched importantly by telecommunications. And the emphasis is shifting from simple and well-defined communication "needs" to an increasing interaction between the communication systems capabilities and the problems and potentials in society and business. Telecommunications has changed from an industry that facilitates commerce to an industry that is inseparable from the commerce of the U.S. It has changed from an industry that supports our defense effort to one that our national security is predicated upon.

Telecommunications policy at the Presidential level needs a keen awareness of this importance. We have only dimly perceived the implications of the "information economy," wide band cable access to the home, truly widespread mobile communication, and so forth. Telecommunications will have to become more a part of the economy, more an integral concern of government departments, and more an integral part of society's concerns.

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Government and industry institutions need to be more flexible to deal with the rapid change that is upon us.

This is not just rapid change; this is qualitatively different kinds of change. Twenty percent growth rate for telephone calls is one thing. The mushrooming new technologies for cable TV, data transmission, mobile communications, and satellite communications are a different kind of phenomenon.

This is not just technical change pushing the industry and the telecommunications experts within government, this is also social and economic change pulling. The policy perspective cannot, therefore, be internal to the industry or the fraternity of communicators. It must be broad -- as broad as the users of telecommunications together with the providers.

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The lesson here is that we must bring communications policy into the rest of the government policy process -- it can no longer be so isolated. More importantly, those concerned with the broader policy process can no longer be unaware of telecommunications issues.

Considering the audience here today, one is tempted toward a variety of an old saw: "Communications is too important to be left to the communicators." There is some truth here, largely because communicators have done such a good job; the better you



do, the more people expect and the more important to other concerns communications becomes. But more important: Communications is too important for the policy generalists to continue to ignore.

We must recognize that government policy and industry efforts are not independent. The concept of government regulation simply slowing or speeding what industry wants to do is overly simplistic: Innovation will head into new directions or not, depending on policy, and policy takes its cues from industry potentials.

Government policy should move more toward rationale and carefully defined policy guidelines and away from case-to-case ad hoc adjudication.

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These are some of the major reasons for establishing the new Office of Telecommunications Policy. This Office will:

- a. Be the President's principal advisor on telecommunications issues.
- b. Formulate policies and coordinate operations for Federal Government's own telecommunications activities.
- c. Enable the executive branch to speak with a clearer voice and be a more responsible partner in policy dialogues with industry, FCC, Congress and the public.



OTP will not become a mini-FCC or maxi-DTM. Issues for major concern or policy statements will be picked with care, not in large numbers. The emphasis will be on cooperation and coordination. One of the important AFCEA purposes is to encourage a strong industry/military dialogue on telecommunications. We hope OTP will add a third partner to your dialogue.

OTP will NOT:      -- move toward more detailed government manipulation of industry.

-- seek to pre-empt FCC/Congressional prerogatives.

-- start another "Rostow Report."

-- attempt to manage in detail executive branch communications activities.

OTP WILL:      -- strengthen executive branch capability to procure and operate own communications efficiently and effectively.

-- strengthen executive branch capability to participate in the national policy dialogue with FCC and Congress and industry.

-- bring communicators and communications into closer touch with overall national policy issues and policy-makers.

- engage in in-depth studies of particular problems as they arise or as policy initiatives become timely.

Do not expect:

- a mini-FCC or a more powerful DTM.
- to buck up to the new office detailed technical decisions or disagreements.
- to receive arbitrary or "cloud-nine" generalized policy directives.

Do expect:

- lots of questions, interactions, and concern about the uses, capabilities, and costs of alternative communication technologies.
- lots of concern about how we can build an even stronger, healthier, more innovative and more competitive industry.
- lots of attention to the purposes of telecommunications and its potential for application in defense, domestic, and civilian uses.

-- lots of attention to permitting communications to innovate and to do your job with a minimum of second-guessing or peeping over the shoulder; but coupled with a constant concern that your activities are consonant with the country's needs.

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I have talked a lot about perspective and little about national security telecommunications. It has not been appropriate to raise national security telecommunications issues in the public debate about OTP; and is not appropriate for Administration to take stands until we have the facts and analysis.

But how do we generally view defense communication?

- (1) You do a good job.
- (2) You have been a major source of the innovation and creativity that has made telecommunications what it is and what it will become.
- (3) You are essential to our national security.

I hope you will understand why we give attention to civilian and nondefense government communications issues, and to how defense policy decisions affect communications needs.



But do not expect us to forget your importance or your dedication or to give you the support you need to do your important job. One of our primary criteria for judging the performance of OTP will be whether it earns the respect of people like yourselves.



Remarks of  
Clay T. Whitehead  
before the  
International Municipal Signal Association  
August 3, 1970  
Hollywood, Florida

I sometimes think that audiences become awfully suspicious of what they might be in for when a speaker's educational credentials are reviewed in the introduction -- especially in these times of turmoil on the Nation's campuses. Don't worry, though -- even though I do have a Ph.D., I have had several year's quarantine and can now be trusted -- at least by those of you here over thirty.

Needless to say, I am delighted to be here. It is an honor to be your keynote speaker at this 75th Diamond Anniversary Conference of IMSA. An association which has grown and prospered to celebrate its diamond jubilee year is one of which its members can justly be very proud.

Your Executive Secretary, Mr. Beam, informed me yesterday that in the first years of your organization, your membership included such great names of communications as Steimetz and Edison. This is



and always has been an association of communicators. The scope and complexity of communications have changed in the 75 years since those days, but the spirit of communicators has not changed. It is a constructive spirit that I first learned while a teenager as a ham radio operator. So even though today I cannot escape the title "Bureaucrat," I hope I can also merit the title "Communicator."

I am always reluctant to tell real communicators -- such as yourselves -- about telecommunications. So I would rather tell you today something about how we in the White House look at communications policy. An important thing about policy from the White House viewpoint is that it is just as important to get the right perspective, as it is to get the right facts. So let me mention a few points about the perspective in which we see telecommunications in the United States today.

Telecommunications is important in our society and our economy, and is getting more so. TV; satellites; telephones and an increasingly mobile society; electronic media and news dissemination; national security; fire, police, and traffic control technologies; air traffic control; data processing and its communications needs -- all are indicators of this present and future importance.

There is virtually no area of our society or economy not touched importantly by telecommunications. And the emphasis is shifting from simple and well-defined communication "needs" to an increasing interaction between the communication systems capabilities and the problems and potentials in society and business. Telecommunications has

changed from an industry that facilitates commerce to an industry that is inseparable from the commerce of the U.S. It has changed from an industry that supports our defense effort to one that our national security is predicated upon. From support of the public safety; to part of public safety.

Telecommunications policy at the Presidential level needs a keen awareness of this importance. We have only dimly perceived the implications of the "information economy," wide band cable access to the home, truly widespread mobile communication, and so forth. Telecommunications will have to become more a part of the economy, more an integral concern of all levels of government, and more an integral part of society's concerns -- just as you in IMSA have made communications an integral part of our municipal public safety services.

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It is difficult to imagine that in slightly over a decade we have moved from Sputnik to man's first footsteps on the moon. Fantastic as the fact of these first footsteps was, it was made doubly fantastic and ten times more real because telecommunications enabled all of us to share that experience. When President Kennedy stated the moon landing goal, we knew it could be done -- but no one suspected that we here on Earth would be able to watch it live.



The pace of change in telecommunications is continuing unabated. This is not just rapid change; this is a qualitatively different kind of change. Twenty percent growth rate for telephone calls is one thing. but the mushrooming new technologies for cable TV, data transmission, mobile communications, and satellite communications present a totally different kind of phenomenon.

This change of the future is not just technical change pushing the industry and the telecommunications experts within government such as yourselves. This is also social and economic change pulling you. When we consider the state of communications technology today . . . . when we review what it was yesterd<sup>y</sup> . . . and what it may be tomorrow . . . we are immediately drawn into contemplating what might be achieved in the future.

We in the communications business look at the vast reservoir of technical know-how in this country, at the bewildering array of devices and systems available to us . . . and we wonder: How can we use it to control crime; to alleviate the problems of urbanization; to do something about the carnage on our highways; in education; in health; in commerce and trade; in personal fulfillment.

The policy perspective, therefore, must be broad. It cannot just include the industry or the fraternity of communicators. It must be broader -- as broad as the users of communications together with the providers -- and as broad as the problems of today and the potentials of tomorrow.



During the early years of this century -- when your organization was still in its infancy -- people depended upon the imagination of writers to forecast the future. Many of these writers foresaw with astonishing accuracy the technological developments which would shape mankind's future.

Today we can no longer depend upon the imagination and vision of writers. Our challenge today was laid down by the President when he transmitted to Congress his plan for creating the Office of Telecommunications Policy. "We live in a time," he wrote, "when the technology of telecommunications is undergoing rapid change which will dramatically affect the whole of our society. The public interest requires that government policies concerning telecommunications be formulated with as much sophistication and vision as possible."

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This need for more systematic and sophisticated policy is one of the major reasons for establishing the new Office of Telecommunications Policy. This Office will:

a. Be the President's principal advisor on telecommunications issues.

b. Enable the executive branch to speak with a clearer voice and be a more responsible partner in policy dialogues with industry, FCC, Congress and the public.

c. Formulate policies and coordinate operations for Federal Government's own telecommunications activities.

In the first two of the responsibilities we will be concerned with developing Federal policies in conjunction with the FCC and the Congress that will encourage vigorous and innovative realization of the potential of telecommunications. This means more flexible and more responsive policy-making machinery in government. It means an even more dynamic equipment manufacturing industry; a more dynamic common carrier industry; and more dynamic applications of their equipment and services by people such as yourselves.

In our responsibility for the Federal Government's own communications, OTP will be much concerned -- just as you are -- with the problem of getting the most effective communications at the least cost to the taxpayer. An important area of common interest with IMSA will be emergency preparedness and civil defense communications.

I don't want to imply that the Federal Government is where all the action is -- or should be. We are much aware and encouraged that in virtually all of our states, telecommunications improvement is high on the list of priorities. In the past four years, some sixteen states have appointed state telecommunication coordinators or managers; more than twenty-eight states are considering the development of state-wide, integrated communications systems.



One can note with equal satisfaction that an increasing number of our large cities are developing telecommunications systems which have already proven themselves in coping with very serious problems in metropolitan areas. I am reminded that you have been among the first to apply communications to these problems at municipal level. I hope that you will help other agencies in your cities and states as they begin to do so.

I am aware, as all of you are, that there are a great many barriers to accelerating our progress. For example: Much needs to be done to alleviate the scarcity of frequencies for land mobile purposes. I consider this to be one of our most important problems, and I expect to devote considerable attention to this matter. I am confident that -- in consultation and cooperation with the Federal Communications Commission -- further steps can be taken to ease this problem on both a short-range as well as long-term basis. More flexible and responsive spectrum management -- by both OTP and the FCC -- can do much to alleviate these pressures and to permit more direct communications between Federal and local authorities in time of emergency.

The FCC, the Congress, and now the OTP are all charged with promoting the public interest in telecommunications. The words "public interest" have been closely associated with the aims



of the International Municipal Signal Association since its inception. It is you gentlemen who are on the firing lines, so to speak, on a day-to-day basis. Given the policy and technology tools with which to do your jobs, I am convinced that the inroads which you have already made on the problems of public safety will be accelerated.

It is my belief that we in government stand at the threshold of great improvement in organizing ourselves to take full advantage of what telecommunications technology can do for all of our people. I would hope that, as I enter upon my new responsibilities, the strong partnership which has traditionally existed between the Federal Government and organizations such as this one, will continue unabated, and will expand to include OTP. I am convinced that such partnerships are indispensable to the success of our collective efforts.

Your 100th anniversary will very nearly be in the next century. Your first 75 years have been admirable, but the next 25 promise to be even more important. As you both celebrate and plan for the future, I certainly wish you a most constructive and successful conference. Thank you.



DRAFT

9/17/70

SDoyle:jm

Tele-Communications Association Video Taping  
Friday, September 18, 1970  
10:45 - 12 Noon

You will be picked up at the office Friday morning at approximately 10:45 for a short drive to the Logos Production Studios at Arlington, Virginia. The arrangements have been made through AT&T's Washington offices, and Russ Young will be picking you up.

The actual interview will amount to approximately 10 minutes tape time and will follow the format below.

PROPOSED SCRIPT

Off Camera Voice: "Ladies and Gentlemen, Clay T. Whitehead, Director, Office of Telecommunications Policy, in the Executive Office of the President. Good morning, Mr. Whitehead."

Mr. Whitehead: (Addressing the camera) "Good morning. I am delighted to be afforded this opportunity to address the Tele-Communications Association assembled in San Diego, and I sincerely regret that other matters commanding my personal participation prevent me from being with you at the 8th Annual Conference. I would like to take these few minutes to discuss briefly what OTP is and what our expectations for it are."



Off Camera Voice:

"Could you tell us, Sir, specifically what the difference will be between the former Office of Telecommunications Management which has now been superseded and the newly established Office of Telecommunications Policy?"

Mr. Whitehead:

"There are a number of distinctions one can draw between the former Office and the new Office of Telecommunications Policy. Structurally, the new Office is an independent office in the White House. It will no longer function as a part of the Office of Emergency Preparedness but coordination with OEP will be maintained. Most significant among the changes is the fact that OTP will have a far broader scope of responsibility. As in the past, we will be concerned with coordination of government telecommunications functions within the Executive Branch of government. In this and in other regards the Director will serve as principal telecommunications adviser to the President. In addition, the new Office will be looking broadly at developments in

the communications industry at large; the  
pace of technological developments, and  
the introduction of new services; the improved  
coordination required in national radio  
frequency management; and we will maintain  
an overview

of significant developments relating to the Defense Communications Agency, the National Communications System, and the general posture of our emergency preparedness and telecommunication mobilization plans in times of national emergency. Our charter is quite broad and our responsibilities are quite definite as set forth in Executive Order 11556 signed by the President on September 4, 1970.

"We will be looking at telecommunications fully cognizant of three fundamental aspects of this industry. First, the general importance of an efficient, reliable, service-oriented telecommunication network for all forms of domestic and international communications. Second, we fully recognize the complexity involved technically, economically, psychologically, and socially in the operation of communication facilities. Third, we realize the need for the development of a comprehensive and sensitive perspective in examining telecommunication services today and in the future."



"With regard to the formulation of telecommunication policy, I would say we feel a strong sense of urgency to take positive steps that will assure a breadth of awareness and a depth of understanding within our own Office, essential to the development of informed and realistic national policies. I believe we must be more anticipatory than has been the case in the past, because of the dynamic nature of both the technology and the industry using it. We will seek in all our work to ensure integrity, consistency, and flexibility in our policies so that we can remain in the forefront of scientific developments and deal in a timely manner with the emerging social issues.

"I think that in addition to the broader scope represented by our new Executive Order, there will have to be a new dynamism and responsiveness within the government community to meet the needs for policy guidance created by this country's most dynamic industry."

Off Camera Voice: "Mr. Whitehead, how do you propose to approach the work which must be done to discharge the responsibilities assigned to your Office by the President? "

Mr. Whitehead:

"Our approach will include a variety of techniques and objectives. For example, we expect to engage in in-depth studies on major issues of current and foreseeable national concern. In attempting to resolve such issues, our function will be to seek the cooperation and coordination of the activities of government agencies and industrial organizations. We will specifically participate in top-level planning for improved national frequency management, and in that regard we will seek more effective government communication operations at lower cost and more diverse and economical services for the public at large. We expect to do a lot of questioning and to engage in meaningful dialogue both within the government and in the industry. We do not intend to do "snooping" or to "meddle" in operational matters of primary concern to the industry. We will seek to encourage a healthy, innovative, competitive industry that is constantly providing expanding services and in this connection we will seek to be well informed concerning new developments and new applications of technology for the general welfare. In sum, I think we will be

seeking to assure that communications services will be sufficient at all times to meet the nation's needs from the points of view of the government and the individual citizen as users. "

Off Camera Voice: "Mr. Whitehead, we know generally of your own recent work and activities as Special Assistant to the President for scientific and space matters, your functions related to the activities of regulatory agencies and the Atomic Energy Commission, as an adviser within the White House, and I think many of us know of your fine background in working at the RAND Corporation and at the Bell Laboratories in Princeton, New Jersey. Could you tell us something, Sir, about the President's recent nomination of George F. Mansur to the post of Deputy Director, OTP? "

Mr. Whitehead: "George Mansur has been nominated by the President this month and that nomination is now before the Senate for confirmation. Dr. Mansur comes to Washington from Collins Radio in Dallas, Texas, where he was Director of the Microwave and Space Systems Division. He had been with Collins for 17 years in a variety of engineering and management



positions, serving recently as Project Director for Collins of its communications activities in the Apollo program network. For this work Dr. Mansur received in 1969 NASA's Public Service Award as a principal contributor to the success of the manned lunar flight program. We are delighted to have this man, and I hope that as our Office and its programs develop we will continue to enjoy the support and participation of key industry officials and governmental officials in discharging our responsibilities to the President for the formulation and coordination of sound national telecommunication policy."

Off Camera Voice: "Thank you very much, Mr. Whitehead!"

Mr. Whitehead: "Thank you, and again, my thanks to the Telecommunications Association for permitting me to participate in their 8th Annual Conference."



"BROADCASTING: EVOLUTION OF POLICY"

IEEE BROADCAST SYMPOSIUM

Washington Hilton Hotel

September 25, 1970

Mr. Clay T. Whitehead  
Director  
Office of Telecommunications Policy

Delivered by  
Dr. George F. Mansur, Jr.



Telecommunications has come a long way from a chilly December night in 1901 in Newfoundland when Marconi picked up a faint signal from Cornwall in England, and I would like to reflect a moment on the many things which have happened since then.

Today, radio signals send back pictures from Mars -- 35 million miles away. With the help of radio communications, we were able to nurse back a crippled space craft over 245,000 miles to safe "splash down."

Through television engineering and satellite technology, people around the world "walked on the moon" with astronauts Armstrong and Aldrin. They witnessed the inauguration of President Nixon; traveled with him to Western Europe, Romania and Southeast Asia; joined him in meeting President Thieu in the Pacific; watched tennis from Wimbledon; the investiture of the Prince of Wales; and the World Series. For Americans, television has become an integral, even essential, part of life. 95 percent of all homes are equipped with it.

Some automobiles, I guess, are sold today without a radio, but radios have almost become "standard" equipment. Land mobile operations in metropolitan areas have expanded to an extent that many believe we have a severe spectrum congestion problem.

In lesser developed countries, it is the portable transistor radio. Just as the American travels and listens in his automobile, in other areas of the world so does the bicyclist and river boatman.

Wide band cable access will make available to every home not 4 or 6 channels of video, but perhaps as many as 40 -- a channel for the morning newspaper reproduced in facsimile, stock quotations in your living room, and specialized services of many varieties.

An uncooled laser, engineers tell us, can now be produced. It is no larger than a grain of sand; this technology will be needed for development of transmission paths capable of carrying millions of voice circuits as requirements develop toward the end of the century.

TV cassettes, giving the viewer what he wants when he wants it; coaxial cables carrying 90,000 telephone calls simultaneously; wide band data systems transmitting millions of bits per second; electronically steered beams for satellites, to say nothing of satellites themselves; picturephones; medical treatment by television.

What does it mean?

Such accomplishments were made possible by imagination, vision, dedication, and hard work.



Fifty years ago, most of this would not have been considered possible. You have made them possible! You have brought them into reality.

You have also produced an impact on our modern, industrial society that could well call for adjustments no less far-reaching than those brought about by the Industrial Revolution. You have created this Nation's need for a telecommunications policy to foster an orderly growth of the industry.

When Marconi started, he knew he had an effective telecommunications system as soon as he was able to transmit a signal over the monumental distance of one mile and a half.

Today, radio engineers have so expanded this capability that electronic communication has become absolutely essential to all of us. Television and radio, like the automobile and airplane, have become integral parts of modern living.

The social changes you have brought about are far more fundamental than the substitution of TV dinners for a substantial, leisurely meal. The pace of life has changed.

For example, the Treaty of Ghent, ending the War of 1812, was signed on Christmas Eve 1814 in Europe. The bloodiest battle of that conflict -- that of New Orleans -- was fought only because the news from Europe had not been received.



Similar communications now would be intolerable. Today there is an interaction between events, and comprehension of those events through the medium of telecommunications, which has a built-in "snowball" effect. Rapid communications require rapid decisions and responses, which in turn create pressures for an even more rapid system of telecommunications. Instant communications require instant responses.

This social phenomenon is not limited to presidents and prime ministers. As the pace of life accelerates, it affects us all.

It has also broadened our perspective. Not so long ago the horizon of most of us was a rather circumscribed affair. Local, probably State, and, on occasions, national interests preoccupied our attention. No longer is this true. Most of us start the day by checking on world events that occurred during the night.

Further, there is an increased degree of sophistication in our cultural demands. Who, after becoming accustomed to the New York Philharmonic will be satisfied with the quality of the village trio.

These changes in the pace of life and quality of life are but indications of the vital impact telecommunications engineers have had, and are having, on our society. As a result formulation of policies to stimulate telecommunications development consistent with the public interest has become essential.

Creation by this Administration of the Office of Telecommunications Policy is the important first step in the formation of an over-all telecommunications policy for the United States. You may well ask what OTP will do.

In general, OTP will --

- .... Be the President's principal advisor on telecommunications matters.

- .... Enable the executive branch to speak with a clearer voice and be a more responsible partner in policy dialogues with industry, the FCC, Congress and the public; and

- ..... Formulate policies and coordinate operations for the Federal Government's own telecommunications activities.

As a part of these primary responsibilities, we will --

- .... Evaluate and make recommendations concerning the capability of existing and planned telecommunication systems to meet national security and emergency preparedness requirements;



- .... Review research-and-development and system expansion in the communications field within the Federal Government, with a view toward assuring realization of available economies and improved efficiency;
- .... Develop in cooperation with the FCC, a comprehensive plan for improved radio frequency use nationwide;
- .... Coordinate Federal assistance to state and local governments in the telecommunications field; and
- .... Conduct such studies and research as may be necessary in the discharge of these assignments.

More specifically, the President has delegated to the Director of OTP these further responsibilities:

- .... Assignment of Government radio frequency;
- .... Communication responsibilities under war powers;
- .... Authorization of foreign government radio stations;
- .... Emergency preparedness functions;



- .... National Communications System policy guidance;
- .... Agency assistance and interagency coordination in telecommunications matters.

Now that I have reviewed the duties of the Office of Telecommunications Policy, let me talk of our perspective.

Technology has changed the very nature of communications. It no longer merely meets the needs of other components of an industrial society -- it interacts with these, and, more often than not, affects what they do. It is no longer "support for"; it is "part of."

To gain an insight into how fundamental this change is, we may cite the rapid integration of computers into the basic fabric of our economy. In time the industrial community and, to a lesser extent, society may be largely dependent on the institutions and services which are evolving from this technology.

We must assure ourselves that these dimensions in communication serve the public welfare.

Even as we turn to this task, a new spectrum of problems is arising. "Equal time," the "Fairness Doctrine" of the FCC, the rethinking of "prime time," are all attempts to reshape the roles in the public interest as we are confronted with the fundamental changes in the nature and the role of telecommunications.

Anyone may write a letter, send a telegram, make a phone call. But the radio spectrum is different from the Post Office, different from record or voice common carriers. It is a limited facility. This is an important reason why rules are required concerning who has access to it, when, and under what conditions.

Most of you have devoted your careers to over-the-air broadcasting, but we all recognize the expanding role of CATV and the changes implied in the transition from "community antenna television" to "cable television." And, of course, new questions arise: ownership, media concentration, program origination, copyrights protection. All these matters are currently being addressed by the FCC.

Television and radio have such a powerful impact on public opinion the problem becomes far more complex than the simple affirmation of free speech. How do we pursue the objectives of an open society, maintain constitutional guarantees, and, at the same time, operate a publicly owned and viable television and radio system?

The problems are clearly complex, but answers are urgently needed. We believe that OTP, in conjunction with the FCC and industry at large, will find satisfactory solutions.



When Marconi applied for Patent No. 7777, he asked for "Improvements in Apparatus for Wireless Telegraphy." This was a short 70 years ago.

We commend your creativity, and shall do all we can to encourage and promote it. The responsibility of government is to maintain an environment in which the creativity of its citizens will be stimulated.

At the same time, I invite you to do all you can to participate in the cooperation and coordination so essential in developing the telecommunications policy our Nation needs.

Writing last month on "Telecommunications: Its Growing Importance," I quoted Abraham Lincoln:

"If we can but know where we are and whither we are tending, we can better tell what to do and how to do it."

Together we should ask, "Where are we?" and "Whither are we tending?" then together, "We can better tell what to do and how to do it."





Remarks of Clay T. Whitehead, Director  
Office of Telecommunications Policy, Executive Office of the President

Before the  
United States Independent Telephone Association  
Honolulu, Hawaii  
October 13, 1970

I'm very pleased to have this opportunity to be here today, and I think it is of particular significance that we meet in Hawaii, where the telephone service is 100% independent. I am pleased that our meeting is on your home playing field, even though I hope I make it clear that I don't see us as adversaries. Let me start by telling you some of the responsibilities of the new Office I head, and then talk with you generally about some of the aspects of telecommunications that we see at the White House level.

Since we are so new, I figure I can get away with being somewhat general, unlike the people that follow me that come from well-established institutions, who can address the issues in a very hard-hitting way. The recent reorganization and Executive Order that set up our offices were designed to accomplish three major purposes:

First, the Director of the Office is to be the President's principal advisor on all telecommunications matters.

Secondly, we are to enable the executive branch to speak with a clearer voice and to be a more responsible partner in policy discussion with industry, the FCC, the Congress, and the public.

Third, we are to form new policies and coordinate operations for the Federal Government's own very extensive use of telecommunications.

To achieve these purposes, some of our responsibility includes the following:-

We are to evaluate and make recommendations concerning the capability of telecommunication systems to meet national security and emergency preparedness requirements.



We are to review research developments and systems inspections in the communication field within the Federal Government to help realize available economies and improved efficiency.

We are to develop in cooperation with the FCC, a comprehensive plan for improved use of the radio frequency spectrum; and we are the final authority on the use of the radio spectrum by Federal Government users.

We are to coordinate any Federal assistance to state and local governments in the telecommunication field.

We are to coordinate executive branch positions among the various departments for presentation to the FCC and to the Congress.

In some of my earlier talks, I have been saying that modern telecommunications has become an "entirely new ball game." I would like to talk a little bit about what I mean by that, and why I say it. At one time, rapid communication was a yellow piece of paper in an envelope that was delivered to the door by a uniformed boy on a bicycle. This was essentially "super-mail," and any message demanding such speed could only be of the highest importance.

The telephone quickly became a distinctly different service. Voice transmission made possible ordinary conversational interchanges over increasing distances, and directly into the home and office. The telephone contributed significantly to bringing people closer together. Friends and distant families are now just as near as our telephone. But it is not only to ease the problems of our highly mobile society. The telephone itself has helped to bring about that mobility, and it brought about a new kind of informational mobility that we are still adjusting to.

Then came radio. The only recognizable similarity between the radio and the telephone was that they were two separate instruments relying on electricity that the affluent should have in their homes. The telephone placed you in instant touch with business associates, friends, and family. The radio brought you Fred Allen and Rudy Vallee, and the news. Quite obviously, wireless seemed to be a different function. Radio was unique and totally dissimilar from the telephone or telegraph, or at least we thought so. It brought forth different approaches in development and regulation, based in a large part, on frequency of use.



When television came into its own, we thought of it as radio with a picture. The differences were not so great as the radio was from the telephone, or the telephone from the telegraph. We began to see the development of the broadcasting industry. We watched the telephone and telegraph industry grow. But there was no significant sense of a single telecommunication industry.

Until now our laws and our regulatory policies and legal adjudications have reflected these media distinctions. We have regarded broadcasting and person-to-person communication as two distinct and separate functions.

I am not suggesting that these distinctions were inappropriate in the past, or that they will be without value in the future, but I am leading up to the thought that the neatness of these categories is becoming increasingly blurred. New hybrid technologies and services are arising, and these distinctions are becoming less cogent.

Telecommunication technology is advancing equally as fast in the direction of consolidation as it is on the frontier of creativity. For instance, data transmission accompanied by wide-band cable and facsimile reproduction make possible all sorts of new services from what we now simply call a T. V. set. The telephone and television have been wedded to provide the Picture-phone. The telephone itself has the potential to perform far more in the way of services than just home and office conversation.

No longer are we confronted with several distinct telecommunication industries. Today it must be recognized that the telecommunication industry is becoming a single, creative, dynamic and extremely broad industry, offering a variety of modes of origination, transmission, and reception. The distinctions of yesterday are fading. That cannot help but affect the services you offer, the services the broadcaster offers, the regulatory environment and the nature of the telecommunication industry itself.

Any number of new kinds of expertise once unrelated to telecommunications, or seemingly so, are suddenly intruding on the communicator, such people as economists, system analysts, computer programmers, and so forth. In some ways, these seem strange people speaking strange

languages. Yet today they are learning your language and they are changing the language of telecommunications in the process. The communication industry will have to change to meet that job.

But this industry has a reputation, and a very well deserved reputation of adapting to change, of turning change to the benefit of the people, and that is going to be tested in the future as it has been in the past.

In discussing telecommunications technological development, some people refer to it as a revolution -- as an explosion. These words are dramatically descriptive, but they carry a connotation of uncontrolled disruption that is certainly contemporary, but not necessarily accurate in this field. Whatever your preference for terms however, great changes are coming. In fact they are already here.

In times of ferment, and I think these are times of ferment, social, economic, or technical, we have, for a time, more questions than answers, more uncertainty than confidence. Questions facing the telecommunications industry are, for the most part, not technical. They are basic and fundamental. Past assumptions, all tried and true, are now being challenged as never before. But this is a different kind of challenge. It is somewhat a wrenching thought that telecommunications is no longer just a technology. It is no longer just a service. It is becoming a social force of the first magnitude, changing life styles, influencing opinion, and creating public attitudes of dimensions heretofore unknown.

During these times, it seems to me that it is very important to ask the right questions, to get the right perspective. For if we fail to do this, we are sure to get the wrong answers.

Let me raise just a few questions of a very broad scope that affect communications, that I think all of us should be thinking about and talking about. In what direction will the telecommunications industry develop? Will it grow "willy-nilly" as it absorbs each new technological advance? Will it be rigidly controlled from Washington? Or is there a better way? Part of this question concerns the ground rules for competition and regulation including problems of standardization and interconnection.



In our recommendation to the FCC earlier this year on domestic communications satellite policy, we sought to open the door somewhat for competition where close regulation seemed presumptuous. Some have been critical of this, claiming the satellite transmission business is apparently a natural monopoly, more conducive to monopoly than competition, and that the public interest would best be served by tight regulation and control. This Administration thought otherwise. Competition has served us well in the United States, and it's become a basic national policy -- not as an end in itself, but as a mechanism for facilitating the public interest where the concerns of the State are not overriding, and where we in Washington are not omniscient.

If we have a clutter-up of rules or policy by ad hoc precedents, we will quickly lose track of the connection between the rules and the intended results.

I have been talking a lot about generalities and, like Mr. Beinetti, I have a staff back home, and they have provided a few thoughts to me on a question of some controversy, namely, the Ozark Plan for separations. Let me digress for a moment and talk about those suggestions so you can get a feel for how we view some of these very important matters. Now this is a complicated subject and I don't want to infringe on Paul Henson's talk earlier this morning, but in place of the Ozard Plan for separations, my staff has thought up some new suggestions, and I want to give you an idea of our thinking. I will use some of the Ozark Plan terminology.

In particular, so my staff thinks, the weighted toll dial minutes of use applicable to each central office would be developed by weight proportional to the distance between each central office and the location of the last USITA Convention. And separations formulas should reflect social as well as economic objectives. In particular, the cost of nonsensitive equipment in each local office should be determined by the application of the inflation index at the geographical center of the Bell System, and adjusted by the ratio of the average operator's salary to the average skirt length in USITA areas. It is interesting to note that this last proposal will provide an incentive for the FCC and the Bell System to oppose the midi. But you people, unfortunately, will have to choose between higher revenues and the Mini skirt.

Well, in fact, the OTP has no intention of getting seriously involved into the details of separations. But I make this point about this inherently complicated subject because it is made difficult both by the nature of the industry and by overlapping regulatory jurisdiction



involved to draw up broader points. We will want to be talking with you and others about the overlapping of state and Federal regulations to see if there is not some way of making things a little less complicated.

As I said earlier, the time has come to try to simplify the regulatory process, not to dilute its effectiveness, but perhaps to help to sort out what is constructive from that which is a net loss for both consumer and industry. It is time to discuss publicly, as we discuss among ourselves, the fact that many regulatory policies are counter-productive to the public interests they superficially foster.

With few exceptions, the United States is the only major power that is not controlled by government ownership of the means of telecommunications. Communication, perhaps for us, has been a private enterprise activity. I would have it no other way, and I am sure you feel the same way. But there are strong pressures for increasing government involvement, increasing government direction. The future will require new ground rules for the delicate balance between private enterprise and the government. What should they be? What are the social, economic and psychological impacts of this massive change in telecommunications?

We are coming full circle in the growth of our country to realize that our great urban centers are as much a problem as they are monuments to our ingenuity. The rationale for the growth of a metropolis was access -- access to international trade, to railways, ports, and in a real sense, access to information. Those who wanted to be up-to-date in the financial world had to be in New York City. To understand the livestock market, you had to be in Chicago or Kansas City. But much of the information for which one moved to New York or to Chicago will increasingly be available, just as accurately, just as extensively, just as fast, in hometown, U.S.A. What will cheap and reliable data communications and computers bring about? Is it possible that telecommunications can significantly contribute to easing our urban problems? Will it affect the trends toward centralization and decentralization in industry?

Well, we don't propose to have the answers to any of those questions, but in establishing the Office of Telecommunications Policy, President Nixon was aware of these issues and these questions. Members of the Congress have increasingly been stressing them. The Office of Telecommunications Policy, in discharging our responsibility in this area, will be somewhat different from the role of the executive branch in the past.

The clue to this can be found in the title. In the past we had the Office of Telecommunications Management; now it is the Office of Telecommunications Policy. And there is a difference in status. Telecommunications now has its own agency in the executive branch, reporting directly to the President. To be sure the telecommunications activities of the Federal Government still need management, they are very extensive and they are growing; and my Office will be actively involved in this important role, but I have focused here today on the nongovernment side because I think it is of more concern to most of you and because I think it is a new role for the executive branch to play. I have raised some pretty basic and fundamental questions in this area -- almost philosophical, but I hope that my new Office will not become a group of philosophers on the Potomac.

Let me say a few words about policy making, since that is our central focus. Policy can be very theoretical and dangerous, or it can be mere window dressing over existing action, and, therefore, useless. There are two ways to produce policy -- to decree it or to develop it. I notice that one of the newspapers reporting on my talk here today made a slight typographical error. At least I hope it was. He said I was going to talk about the "rule of the OTP." That is not the way I see my office working. Policy by edict is not the way I propose to go about it, and it has never been the way it has been successfully approached in this country, and especially not in telecommunications. Rather, policy must be developed. And it must be developed by working together to provide a rationale by which we go forward.

One more timid and more experienced than I might plead with industry as important and successful as yours to be gentle, ease the pressure, don't give my office a hard time. But instead, I urge you to pursue vigorously, ingeniously, and honestly the interests of the Independent Telephone Companies of the United States and your customers. I shall just as vigorously and honestly and I hope just as ingeniously seek to fulfill my commitment to the President and the Congress. I see these roles as not incompatible. In fact, they reinforce one another.

We shall not always see everything alike, but out of the caldron of conflicting views and differing interests will come the guidelines of a viable, sensible and enlightened telecommunications policy. It is the function of OTP to assure that the synthesis does take place and that policy is not lost in the shuffle. Policy cannot be made on Cloud Nine,



but policy must be more than the lowest common denominator of compromise. That means hard work. That means effective communications between the regulatory agent and between other people in government and people in industry. Telecommunications policy should not be burdensome, but as I said, it cannot be mere window dressing. Our goal will be a series of guidelines that will provide active and meaningful, but not meddling, direction. Only by maintaining continuous contact with the best information and ideas available from people like you and your colleagues in these broad communications industries can we hope to succeed. We have much to learn and that is one of the main reasons I am here today, to meet with you.

In many ways the areas that the United States Independent Telephone Company serves are areas where telephone service is most difficult, but that is where it tends to be most important. The job you do is vital. You have accomplished much, but much remains. In fact, technological innovation, as you well know, means in this business there will always be much yet to be done. It matters not to the public that we have the most efficient, the most comprehensive telephone service in the world. They have come to expect quality performance from the telephone industry and nothing less will suffice.

I congratulate you, and offer to you and invite from you, active cooperation. I promise to you my best efforts and the best efforts of the new Office of Telecommunications Policy. Above all, let us in this industry communicate.

As I close, I would like to add one personal comment. It is a thought that has been on my mind a lot, your President referred to it in his opening remarks. One of the most fascinating things that I find about this industry, and one of the things I think is going to be most valuable to me over the next few years in this job, is the people in the industry. During the last two years or so I have been on the White House staff, I have had contact with people from a wide range of industries in the United States talking about a wide range of problems. I can honestly say that no industry holds a candle to the telecommunications industry having friendly, warm, competent, helpful people. I have enjoyed meeting those of you I have met out here, and I hope I will see you all again.

I hope I will have a chance to meet many of you that I have not yet met. Thank you very much.

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I have yet another responsibility to perform here today. I would like to read a letter from the President of the United States.

"The White House  
October 8, 1970

As members of the United States Independent Telephone Association gather at their 73rd Annual Meeting, I welcome the opportunity to express the hope that these sessions between your member companies and attending government representatives will be mutually beneficial and rewarding for all your fellow citizens.

Having been a party to the telephone call which covered the greatest distance in the history of man, I have perhaps been made even more aware of the great contributions of the telephone to our society. And I especially want to recognize the role of independent companies to communications in our country.

Your efforts to provide reliable service at reasonable cost to people in urban as well as rural areas of our nation, although quietly and efficiently carried out, do not go unnoticed. And I am therefore very grateful for this occasion to congratulate you on your achievements, and to encourage you to continue to advance improvements and economies in communications for the benefit of all our people.

/s/

Richard Nixon"

Handwritten text, possibly a signature or date, in the top left corner.

Handwritten text, possibly a signature or date, in the bottom left corner.



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

Remarks of Clay T. Whitehead, Director  
Office of Telecommunications Policy  
Before the Annual Convention of  
National Association of Regulatory Utility Commissioners  
Las Vegas, Nevada  
November 17, 1970

I am very pleased to be here today. Although it is almost two years since I joined the White House staff, I have been Director of Telecommunications Policy only two months. I believe that heads of Federal agencies should get out to meet their colleagues in State governments, and I welcome this chance to meet with you.

Let me start by telling you some of the responsibilities of the new Office I head, and then talk with you generally about some of the aspects of telecommunications that we see at the White House level.

The recent reorganization approved by the Congress and the executive orders that set up our office were designed to accomplish three major purposes:

First, the Director of the Office is to be the President's principal advisor on all telecommunications matters.

Second, we are to enable the executive branch to speak with a clearer voice and to be a more responsible partner in policy discussions with industry, with the FCC, the Congress and the public.

Third, we are to form new policies and coordinate operations for the Federal Government's own very extensive use of communications.

To achieve these purposes, some of our responsibilities include the following:

We are to evaluate and make recommendations concerning the capability of communications systems to meet national security and emergency preparedness requirements.



We are to review research developments and systems inspections in the communications field within the Federal Government to help realize economies and improve efficiency.

We are to develop, in cooperation with the FCC, a comprehensive plan for improved use of the radio frequency spectrum; and we are the final authority on the use of the radio spectrum by the Federal Government user.

We are to coordinate any federal assistance to state and local governments in the communications field.

We are to coordinate executive branch positions among the various departments for presentation to the FCC and to the Congress.

In some of my earlier talks, I have been saying that modern communications has become an "entirely new ball game." I would like to talk a little bit about what I mean by that, and why I say that. At one time, rapid communications was a yellow piece of paper in an envelope that was delivered to the door by a uniformed boy on bicycle. This was essentially "super-mail" and any message demanding such speed could only be of the highest importance.

The telephone quickly became a distinctly different service. Voice transmission made possible ordinary conversational interchanges over increasing distances, and directly into the home and office. The telephone contributed significantly to bringing people closer together. Friends and distant families are now just as near as our telephone. But it has not only eased the problems of our highly mobile society. The telephone has itself helped to bring about that mobility, and it brought about a new kind of informational mobility that we are still adjusting to.

Then came radio. The only recognizable similarity between the radio and the telephone was that they were two separate instruments relying on electricity that the affluent should have in their homes. The telephone placed you in instant touch with business associates, friends and family. The radio brought you Fred Allen and Rudy Vallee and the news. Radio was unique and totally dissimilar from the telephone or telegraph, or at least we thought so. It brought forth different approaches in development and regulation, based in a large part, on usage of radio frequencies.



When television came into its own, we thought of it as radio with picture. The differences were not so great as the radio was from the telephone, or the telephone from the telegraph. We began to see the development of the broadcasting industry. We watched the telephone and telegraph industry grow. But there was, in no significant sense, a single telecommunications industry.

Until now our laws, our regulatory policies, and legal concepts have reflected these media distinctions. We have regarded broadcasting and person-to-person communication as two distinct and separate functions.

I am not suggesting that these distinctions were inappropriate in the past, or that they will not be without value in the future, but I am leading up to the thought that the neatness of these categories is becoming increasingly blurred. New hybrid technologies and services are arising, and these distinctions are becoming less cogent for regulatory purposes.

Telecommunications technology is advancing equally as fast in the direction of consolidation as it is on the frontier of creativity. For instance, data transmission, accompanied with wide-band cable and facsimile reproduction, made possible all sorts of new services from what we now simply call a TV set. The telephone and television have been wedded to provide the Picture-phone. The telephone itself has the potential to perform far more in the way of services than just home and office conversation.

No longer are we confronted with several distinct telecommunications industries. Today it must be recognized that the telecommunications industry is becoming a single, creative, dynamic and extremely broad industry, offering a variety of modes of origination, transmission and reception. The distinctions of yesterday are fading. That cannot help but affect the services our common carriers offer, the services the broadcaster offers, the regulatory environment and the nature of the communications industry itself.

In discussing communications technological development, some people refer to it as a revolution -- as an explosion. These words are dramatically descriptive, but they carry a connotation of uncontrolled disruption that is certainly contemporary, although not necessarily accurate in this field. Whatever your preference for terms, however, great changes are coming. In fact they are already here.



In times of ferment (and I think these are times of ferment -- social, economic, or technical) we have for a time more questions than answers, more uncertainty than confidence. Questions facing the communications industry are for the most part not technical. They are basic and fundamental. Past assumptions, all tried and true, are now being challenged as never before. But this is a different kind of challenge. It is somewhat a wrenching thought that telecommunications is no longer just a technology. It is no longer just a service. It is becoming a social force of the first magnitude, changing life styles, influencing opinion, and creating public attitudes of dimensions heretofore unknown.

During these times, it seems to me that it is very important to ask the right questions, to get the right perspective. For if we fail to do this, we are sure to get the wrong answers.

Let me raise just a few questions of a very broad scope that affect communications, that all of us should be thinking about and talking about. In what direction will the telecommunications industry develop? Will it grow "willy-nilly" as it absorbs each new technological advance? Will it be rigidly controlled from Washington? What are the social, economic and psychological impacts of this massive change in telecommunications?

What will cheap and reliable data communications and computers bring about? Is it possible that telecommunications can significantly contribute to easing our urban problems? Will it affect the trends toward centralization and decentralization in industry? We are coming full circle in the growth of our Country to realize that our great urban centers are as much a problem as they are monuments to our ingenuity. The rationale for the growth of a metropolis was access -- access to international trade, to railways, ports, and, in a real sense, access to information. Those who wanted to be up to date in the financial world had to be in New York City. To understand the livestock market, you had to be in Chicago or Kansas City. But much of the information for which one moved to New York or to Chicago will increasingly be available, be just as accurate, just as extensive, just as fast in Hometown, U. S. A.

Well, we don't propose to have the answers to any of those questions any more than you do, but in establishing the Office of Telecommunications Policy, President Nixon was aware of these issues and these questions. Members of the Congress have increasingly been stressing them. The role of the Office of Telecommunications Policy, in meeting our responsibility in this area, will be somewhat different from the role of the executive branch in the past.



The clue to this can be found in the title. In the past, we had the Office of Telecommunications Management. Now it is the Office of Telecommunications Policy. And there is a difference in status. Telecommunications now has its own agency in the executive branch reporting directly to the President. To be sure, the telecommunications activities of the Federal Government still need management. They are very extensive and they are growing, and my Office will be very actively involved in this important role. But I have focused here today on the nongovernment side, because I think it is of more concern to most of you and because I think it is a new role for the executive branch to play. I have raised some pretty basic and fundamental questions in this area -- almost philosophical, but I hope that my new Office will not become a group of "Philosophers on the Potomac."

Let me say a few words about policy making, since that is our central focus. Policy can be very theoretical and dangerous, or it can be mere window dressing over existing action, and therefore, useless. There are two ways to develop policy -- to decree it or to develop it. Policy by edict from Washington is not the way of this Administration where the States have a role to play. It has never been successfully approached in this country in that way, and especially not in telecommunications. Rather, policy must be developed. And it must be developed by working together to provide a rationale by which we go forward together -- both as a collection of States and as a single Nation.

You and I, the FCC, and the industry shall not always see everything alike, but out of the caldron of conflicting views and differing interests will come the synthesis of a viable, sensible and enlightened telecommunications policy. It is the function of OTP to assure that the synthesis does in fact take place and that policy is not lost in the shuffle. Policy cannot be made on Cloud Nine, but policy must be more than the lowest common denominator of compromise. That means hard work. That means effective communication between the regulatory agencies and between other people in government and people in industry.

Communications policy should not be burdensome, but as I said, it cannot be mere window dressing. Our goal will be a series of guidelines that will provide active and meaningful but not meddlesome direction. Only by maintaining continuous contact with the best information and ideas available from others in government like yourselves and with our colleagues in these broad communications industries we can hope to succeed. We have much to learn and that is one of the main reasons I am here today, to meet with you.



Nevada -- if not Las Vegas -- reminds us of America as it once was: A vast continent, sparsely settled, open-ended in its reach and its potential. An American historian has written that "The true point of view in the history of this Nation is not the Atlantic Coast; it is the Great West. "

For two centuries, this spirit of the West has symbolized the American concern of building for the future. Independence, self-reliance, pragmatism, and competition were ways of life. But as we grew, we found new limitations. We have grown from pioneering to agriculture to industry to become a complex urban nation. And we are left a bit schizophrenic. Our spirit of freedom makes us suspicious of government regulation; but our sense of pragmatism makes us see the need.

In each of these shifts from pioneering, to agriculture, to industry, to an urban America, it was necessary for those in government service, responsible for the welfare of all, to adjust. New problems required new solutions. Today, I submit to you, that we are once again in such a transitional period, particularly in the field of communications. Technical, economic, and social changes are "bursting the seams" of present regulatory practices. It will demand some rigorous rethinking on our part.

These are new times, and we in government must respond by recognizing the extent and speed of the change that we face. We must recognize above all the great amount of interconnectedness that has suddenly come about in our society, in the economy, and in the industries you regulate. Regulation is changing from an open-loop control problem to one of closed-loop control. When you push here by your regulatory actions, many (often unforeseen) things bulge out elsewhere. We must learn to think several moves ahead in regulating dynamic and complex and interactive activities.

[We must recognize that changes in local or state regulation can have national repercussions, just as too abstract federal regulation can preclude legitimate local regulatory concerns. Smog does not stop at city limits or at state lines. Neither do transportation or communications systems.]

We must recognize that in times so complex and so rapidly changing that we will fool only ourselves if we pretend to omniscience. Such times demand more powerful, but less meddlesome, regulation.



The time has come to try to simplify the regulatory process, not to dilute its effectiveness, but perhaps to help sort out what is constructive and that which is a net loss for both consumer and industry. If we have a clutter of rules and ad hoc precedents, we will quickly lose track of the connection between the rules and the intended result. It is time to discuss publicly -- as we discuss among ourselves -- the strains on the regulatory process and the fact that many regulatory policies have become counter-productive to the public interests they superficially foster.

My Office will not be concerned with specific regulatory actions, but we will be concerned with major policies, and we will be concerned with how well our total regulatory environment is meeting the needs of the public interest in the aggregate. This includes our regulatory machinery.

We should ask if our 30 to 40 or more-year-old regulatory mechanisms are appropriate to today's changing needs. Complexity, interconnectedness, and rapid change create new issues and suggest new regulatory machinery. We are currently reviewing in this light the report on federal regulatory agency organization recently completed by the President's Advisory Council on Executive Reorganization. Perhaps we should also have such a review of federal-state regulatory organization and interfaces.

With few exceptions, the U. S. is the only major nation that does not control the means of telecommunications by government ownership. But there are strong pressures that I have just discussed arguing for increased government involvement. Regulation can exacerbate or ameliorate those pressures. Look at what we have done and are doing to the railroad industry. Let us learn from that lesson. Communications for us has been a private enterprise activity. Let us keep it that way and not have Railpax legislation in the telecommunications industry. Let us rather create a regulatory environment in which competition, regulated monopoly, and development of new markets foster the public interest.

The balance between private enterprise and government control is delicate -- more delicate than our pioneering spirit lets us think. It is particularly so in the regulated industries. You and I have a great responsibility, for how government policies and regulatory decisions evolve in telecommunications will have strong precedents in our increasingly complex and interconnected economy.

Competition has served us well in the United States. It has become a basic national policy -- not as an end in itself, but as a mechanism for facilitating the public interest where conditions are right and government is not omniscient. We must seek new ways to harness the benefits of competition in our regulation rather than to subvert it. Rapid change is creating avenues for competition in areas we have consciously or by default treated as monopolies. That we use competition does not mean that we abdicate our responsibility to the public. Rather, it is one way of meeting that responsibility where detailed prescription is presumptuous.

But the problems are not so simple as federal vs. state; competition vs. regulation; consumer vs. industry. The new challenge before us is to wed all these factors into a coherent and progressive new approach to government's control of industry.

Winston Churchill once observed that "If we open a quarrel between the past and the present, we shall find we have lost the future." It serves no purpose to castigate past policies for their awkwardness in newer times. The challenge to us in government -- especially in these times -- is to read the present, learn from the past, and lay the groundwork for the future. We will not be remembered for consistency; we may be remembered for vision.

I am pleased to have this chance to meet with you so early in my term of office and so early in the formation of our new agency. I look forward to learning from you and working with you. I hope we will see a lot of each other in the times ahead.

Thank you.





1974

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

Remarks of Clay T. Whitehead, Director  
Office of Telecommunications Policy  
Before the  
IEEE Vehicular Technology Group  
Statler-Hilton Hotel  
Washington, D. C.  
December 2, 1970

I am learning rapidly about the needs, the techniques, and the opportunities of mobile communications. I do know that mobile radio is a highly exciting, innovative and significant field -- and, while I don't profess to understand the details, I do have some grasp of the potential and the problems of mobile communications today. We in the communications business are very prolific with ideas, but more and more, we will be called on for wisdom. Wisdom is a collective phenomenon, and, consequently, I regard it as very important that those of us concerned with the dynamic industry of communications understand each other. While my staff and I are building our knowledge of mobile communications, I am anxious that you have a similar familiarity with the newly created Office of Telecommunications Policy in the Executive Office of the President.

At the risk of being a little repetitious, because I regard our mutual understanding so important, I should like to review for you the responsibilities of the Office I head, and talk briefly about some aspects of telecommunications that we see at the White House level.

The recent reorganization approved by the Congress and the executive orders that set up our Office were designed to accomplish three major purposes:

First, the Director of the Office is to be the President's principal adviser on all telecommunications matters.

Second, we are to enable the executive branch to speak with a clearer voice and to be a more responsible partner in policy discussions with industry, with the FCC, the Congress, and the Public.



Third, we are to form new policies and coordinate operations for the Federal Government's own very extensive use of communications.

To achieve these purposes, some of our responsibilities include the following:

We are to evaluate and make recommendations concerning the capability of communications systems to meet national security and emergency preparedness requirements.

We are to review research developments and systems in the communications field within the Federal Government to help realize economies and improve efficiency.

We are to develop, in cooperation with the FCC, a comprehensive plan for improved use of the radio frequency spectrum; and we are the final authority on the use of radio spectrum by the Federal Government user.

Issues of Computers and Communication; Teleprocessing Particularly

We are to coordinate any federal assistance to state and local governments in the communications field.

We are to coordinate executive branch positions among the various departments for presentation to the FCC and to the Congress.

President Nixon, aware of basic issues and the innumerable unanswered questions in communications, recognized the urgent need for effective organization in the Federal Government to help bring about the synthesis of policy essential to our Nation's future. In creating OTP, he upgraded the status of telecommunications in government. Telecommunications is no longer a "poor first cousin" to anyone. It now has its own agency in the executive branch, reporting directly to the President.

The bedrock foundation of our American democracy is that no two of us will see everything exactly alike on any issue. Therefore, in communications, there will be conflicting views and differing interests. But out of an atmosphere of constructive and innovative ideas will come the synthesis of a viable, sensible, and enlightened telecommunications policy.

My Office has the responsibility not to dictate that policy, but to work with people such as yourselves to develop such a policy. If in communications we are going to move forward as a Nation, and we shall, someone must keep his eye on the road ahead. That is our job and we need your help to illuminate the road we are supposed to be watching.

One important aspect of that road is the increasing mobility of our people. This mobility of modern society needs no demonstration here. In case we need a reminder, let me ask, "How long will each of you be away from your office to attend this symposium? How long would such a gathering have taken 50 years ago, 100 years ago? How many times will you be in contact with your office during this trip? How many calls did you and others make to set this symposium up?

It is commonly observed that it is possible to have breakfast in London, lunch in New York, and dinner in San Francisco. And the wag always adds: "Yes, with your luggage in Honolulu." But few people observe that telecommunications has made it possible to retrieve lost luggage quite expeditiously. And even fewer observe the real impact that telecommunications has also made it possible to be all over the world in one morning.

I have no crystal ball to tell just how much more momentum our modern society will generate in the future. It does seem that the human body is being "whipped around" now about as fast as it can tolerate. If a businessman requires 24 hours to restore acumen and judgment after spanning transoceanic time zones, the technology of physical mobility may be approaching a plateau.

But I do know that modern mobility is an inseparable part of industrial efficiency and our way of life. We must be concerned with sustaining it and making it safe. In meeting the needs that require mobility, and at the same time reducing the physical demands and hazards, telecommunications has an essential role to play.

Senator Pastore has spoken of -

"... the indispensable role of land mobile communications in our public safety service and our industrial and land transportation processes."



But there are problems. The Senator went on to say that:

"The task facing the land mobile industry is not an easy one . . . . Here you are impressed, almost suffocated, in five percent of the spectrum."

"Suffocation" is precisely the exact word. In 1949, 40 Megahertz were provided for 11,600 nongovernment licensees operating 155,000 transmitters. It was recently shown that 293,000 licensees operating 4 million transmitters now operate in the same 40 Megahertz.

Britain's late wartime prime minister, Sir Winston Churchill, had many talents, among them his capacity for absorption of alcoholic beverages. One abstemious lady, reprimanding him, held her hand halfway to the ceiling on the wall, and observed: "You have drunk enough liquor to fill this room up to here." The old man, gazing upward, replied: "So little time, so much to do."

First glance at the land mobile problem leaves one with much the same conclusion, that is, while much has been done, the great excitement is how much more needs to be done. And how much more can be done -- for, unlike Sir Winston, your room has no ceiling -- unless we in government place an artificial ceiling on your potential.

Among the many policy problems under active consideration in my emerging Office, mobile communications is one of the most important. Spectrum allocation for nongovernment use is by statute a function of the FCC. If the government realistically looks at the problem, vigorously investigates alternative options, and encourages land mobile, the results will be fantastic. If the potential of land mobile is imprisoned by spectrum considerations, that potential becomes much like the "Holy Grail" -- always dreamed of, never attained.

But such frustration is hardly helpful, particularly as new services -- radio networks for hospitals, emergency medical services, expanded law enforcement, fire protection, industrial requirements, freight and passenger transportation, traffic control -- all are clamoring for accommodation in mobile communications.

Last August I wrote:

"Much needs to be done to alleviate the scarcity of frequencies for land mobile purposes. I consider this to be one of our most important problems, and I expect to devote considerable

attention to the matter . . . . More flexible and responsive spectrum management -- by both OTP and the FCC -- can do much to alleviate these pressures . . . ."

Many of the problems at the policy level involve the acceleration and diversification pressures on land mobile demand. The equitable allocation of that portion of the spectrum recently made available by FCC Docket 18262 is of current concern.

The quantity of demands on the spectrum is nothing that needs to be predicted. Those demands are already here.

But what will be the type of future demands? Anticipating the diversified paths of future growth for mobile communications is extremely important.

The use of data transmission and storage could bring heretofore unanticipated dimensions to public safety and law enforcement. Pilot programs of this nature are currently under way in at least one city.

In isolated areas there will be mobile applications for remote signaling, information gathering, and control. In industry, the location and status of equipment and people are becoming more and more essential. The use of computers and communications for vehicle location, identification and routing will grow.

Radio communications in the logistics of transportation and supply may need to face changes in techniques, if future requirements are to be met.

Quantity demands, demands for improved quality of service, and these projections of new types of future demands all make it inescapably clear that new techniques and new solutions for mobile communications and control are needed in hardware, in system designs, and in the utilization of the spectrum -- and are needed urgently.

Some options to alleviate congestion are emerging:

Already the nationwide "block allocation" system is being brought under review. It was simple, easy to administer, and relatively inexpensive to operate in the past, and in some parts of



the country it still is an adequate method of spectrum assignment. But in the megapolis toward which our urban society is moving, a system designed to meet isolated, simple requirements will break down.

Together the Joint Technical Advisory Council and Stanford Research Institute have studied the city of Chicago to determine whether or not decentralized frequency management is feasible. The FCC "Chicago experiment" in improved localized spectrum management processes is being directed initially toward the land mobile problem.

A taxi firm, today, wishing to improve its services, obtains "on its own" a frequency allocation. Can we not develop more common user systems for congested land mobile needs? Certainly, strong consideration must be given this, in that it is estimated that land mobile requirements will more than double by 1980.

Can we develop practical and economic mobile trunking techniques? In a congested metropolitan area, is it not possible to route land mobile communications through a centralized borough or area exchange, rather than point to point? A dispersed array mobile radio system with lower power requirements might "honeycomb" a large city. It is believed that 100 to 150 zones in such an arrangement could increase ten times the number of vehicles that could be accommodated on a given channel with a better grade of service. Investigation at higher frequencies in the 3 to 6 Gigahertz band suggests that a fantastic number of units could be served in a given metropolitan area.

More sophisticated equipment, improved spectrum sharing concepts, and geographical diversity will, of course, make possible a more effective and efficient use of the radio spectrum and make possible new services without extravagant demands on the spectrum. From a technical standpoint, the future appears bright. The economics need to be developed and government policies to foster innovative land mobile services need to be set forth.

Land mobile communications has a big role to play in the future of this Nation. It is logical that every automobile, every truck, and perhaps every human being, should have instantaneous communications, when the technology now available becomes economic.

Improved safety, health, law enforcement, national security, even our convenience and entertainment, are a part of your future. I would not leave you with the impression that I regard land mobile communications as a "pie in the sky" solution to all our problems. But I do see tremendous potential.

I congratulate you on past accomplishments and future challenges. My Office will address this future challenge with all the resources at our command. We solicit your cooperation, and look forward to working with you.

Thank you.





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

Remarks of Clay T. Whitehead, Director  
Office of Telecommunications Policy  
At the Presentation of the  
Alfred I. DuPont-Columbia University Awards  
in Broadcast Journalism  
Columbia University  
New York, New York  
December 16, 1970

I would like to talk tonight principally about public policy and the regulation of broadcasting, but perhaps it would be helpful if I began with a brief description of the new Office of Telecommunications Policy.

There has long been a concern that the Federal Government needed better management and policy direction of its own multi-billion dollar telecommunications activities; and also some capability to assess the implications and policy needs of the rapid expansion of telecommunications in our economy and society.

My Office has both those broad responsibilities, plus certain direct responsibilities for emergency and national security communications and for the Federal agencies' use of the radio spectrum. Additionally, the Director of Telecommunications Policy is designated as the President's principal adviser on telecommunications matters, reflecting our affiliation with the Executive Office of the President. In an oversimplification, we are the executive branch agency for telecommunications policy.



With respect to the Federal Government's own communications activities, the OTP has very strong authority for establishing and enforcing policy. In the area of national policy, our role is to be the spokesman for the executive branch in the policy dialogue with the Congress, the FCC, and the public.

Telecommunications in the United States is in a period of rapid and fundamental change. Telecommunications has already had a significant impact on our economy and on our life styles. Families spread across the continent stay in touch by telephone and watch the same evening news shows. Business relies heavily on the telephone, teletype, and broadcast advertising. Air travel as we know it today would be impossible without telecommunications. Our police and fire protection would be crippled without telecommunications capabilities. Millions watched men first walk on the moon, and millions watched the disturbances in Watts and Chicago. And without the broadcast media, the drastic change in our national mood and mores that has occurred over the last decade could never have taken place in so short a time.

Technical, economic, and social issues are tightly intertwined in telecommunications policy. Rapid change is being forced upon us and compounds the difficulty of sorting out the issues. Every once in a while, I briefly reflect on the scope and complexity of our task and yearn for a simpler day. But telecommunications policy has become an entirely new and rapidly changing ball game.

From a technical and economic standpoint, the communications industry is becoming increasingly more complicated. Yet each of the different communications services presents quite different issues of public policy; and it is the public policy aspects that are particularly vexing. Tonight I would like to focus on the public policy that has evolved on broadcasting and where it seems we might be headed.

My basic theme will be that many of the dissatisfactions with broadcasting grow out of the way we have structured that industry rather than from failings within the industry itself. That this industry structure is largely the product of government policy -- or the lack thereof. That such policies as we do have are an accumulation of ad hoc solutions to piecemeal problems -- that have now come to be considered nearly immutable rules. That these rules, together with our rapid technical, economic, and social change are creating a dynamism of their own; rules lead to problems which justify more rules. That we the public -- including for a change those of us in government -- are in danger of losing control of this process. That the rules and the process are conspiring with our emotions to take us down a road we might well prefer to avoid. And finally, that the really critical policy question is that of access to the broadcasting media.



Government policy with respect to the media has always been considered particularly important and sensitive. Free speech and free press are central to our concepts of democracy and an open society. An informed body politic and a robust political process depend on a free, open, and vital exchange of ideas.

These precepts have served us well. But we are suddenly faced not only with difficult social and economic changes, but at the same time, with major changes in the pervasiveness and impact of the communications media. And these two kinds of change are not independent of one another. The media are shaping social change as well as reflecting it.

The role of ideas and how we exchange them within our society have never been more important. We cannot expect that broad premises and constitutional guarantees will automatically lead us to sound public policy in communications. We have a complex, profound, and emotional problem on our hands. Now that we have truly become a national community, how shall we communicate:

The press has always played a particularly important and visible role in this process of communication. The terms "the press" and "the media" are often used interchangeably, but they are not at all the same. It is particularly important for purposes of government policy that they should not be confused.

Now that broadcasting journalism has become so important, our "press" institutions no longer are confined to the printed media. "The press" has come to mean the classical function of investigating, reporting, and commenting on the news. It is a profession and an institution of its own that transcends any particular medium. "The media" now include both electronic and printed vehicles carrying an increasingly wide range of entertainment, education, and information generally.

It is important to distinguish three separate but related concepts: the freedom of the press, the free speech rights of the media owners, and the obligations of the media owners to the public. My discussion here is concerned primarily with the obligations and free speech rights of the broadcasting media, rather than with the press as such. But, of course, government policies toward the media have a direct and often important impact on the press institutions.

There is some thinking that the First Amendment rights of the press to be protected from government control imply also an affirmative obligation of the press to be comprehensive, impartial, and objective. It is noteworthy that in the past year we have had both the Vice President and officials of a strongly liberal persuasion arguing precisely the same point. The Vice President was referring to the professional responsibility of the press, while others have been suggesting a legal responsibility of the joint press-media owning entity.



I also favor objectivity, comprehensiveness, and impartiality in the reporting of the news. But we must be very, very careful in trying to translate those noble objectives into enforceable government policy. For the most part, those are moral and professional obligations of the press rather than legal obligations. It assuredly is fair game for elected officials to comment on the way in which those obligations are being met, but it is another thing entirely to suggest that the government should somehow enforce standards of press performance.

We all accept the fundamental principle that the freedom of the press and the freedom of speech of individual citizens are to be protected from government encroachment, even for high purpose. But then why is the government so deeply involved in content-related aspects of communications policy? I believe the answer is that we have carried the theories underlying our regulation of the broadcasting media to their logical conclusion. And we don't like where we are.

The free and open exchange of ideas is fundamental to our way of life and our governing process. It is not enough for the government simply to refrain from interference with free press and free speech. We have an affirmative obligation to see that conditions are conducive to such exchange. The government should foster maximum opportunity for the expression and dissemination of ideas. In short, the government does have a role to play

in developing public policy with respect to the structure of the broadcasting media industry. By industry structure I mean such things as ownership concentration, competition, conditions of access, who pays for the access and for the programming, and the degree of joint control over transmission outlets and programming sources.

The day of the soapbox on the village green and the daily or weekly newspaper as the principal means of communicating ideas to the public is a day of the past. The print media remain important, of course, and for many thoughtful and reflective purposes, they have become even more important. Radio has become our most pervasive medium. But it is increasingly television that has the strongest impact on the discussion of ideas and issues.

Television broadcasting is different in many ways from the print media. Different in impact, in adaptability to various types of messages, in appeal to children; different in all ways suggested by the still enigmatic thought that "the medium is the message." But broadcasting is also different in the way it is treated in the law, and that is what I want to focus on here. The broadcasting industry as it is structured today is not a classical private enterprise development. It is the direct product of law and government policy. As a creature of the government, it deserves particular attention by government and by the public.



It also deserves some discussion. When radio broadcasting first began, the use of the frequency spectrum was catch-as-catch-can. There was considerable self-defeating interference among stations. It became obvious that some order would have to be imposed, and the government stepped in to fill that role. Technical standards for noninterference were easily defined, but some rationale was needed for deciding who was to use what frequencies. As with every other resource, frequencies useful for broadcasting are limited; some are more usable and therefore more valuable than others.

There were many ways this assignment function could have been set up. Assignments could have been sold to the public, much as federal lands were. They could have been leased for specific uses; they could have been held by the government. Instead, we chose to give these rights to individual applicants for limited periods of time. The actual ownership was retained for the public and the licensee was required in return to use his public resource in the public interest. Under this approach there had to be some arbiter of whether the licensee is meeting his public interest test, and that has come to be for all practical purposes, the FCC.

Now this is all well and good so long as no one expects radio or television to be serious news media, and so long as television is a new and novel entertainment medium. But television has now become the

major vehicle that informs the average American about the world around him. It is the major source of his exposure to the issues confronting our society. It is just a question of time under such a scheme until someone asks for a more precise definition of just what the blazes "the public interest" means. That question is now being pursued more and more vigorously. The FCC has been pretty vague about it for obvious reasons. But it basically means whatever they and the courts say it means. And that means federal regulation of content.

In the area of entertainment programming, there is much grumbling about program content. But this has not produced any major strains on the regulatory process, and therefore has had little impact on regulatory policy. The FCC has for all intents and purposes allowed a market to develop in broadcasting licenses based on their value as an entertainment and advertising medium. Many of these licenses have great financial value because of the monopoly advertising power inherent in the limited number of stations licensed in any given locality. The value of other licenses is less than operating costs. Those licenses are, therefore, unused for the same economic reasons that there are so few newspapers. Since there is money to be made by programming to reach the largest possible audience with a limited number of outlets, the marketplace incentives work toward programming wanted by large audiences. There is, of course, the vexing



problem of unprofitable public interest programs and programming for minority tastes. But at least the majority tastes are passably satisfied most of the time; and the profitability of programming for the majority seems to subsidize enough minority-interest and public-interest programming to keep the FCC and the community complacent.

In the discussion of controversial issues, however, the FCC has taken a somewhat different regulatory approach. Here, so the theory goes, the station must devote a significant fraction of its programming time to the discussion of controversial public issues and must afford each side of such issues a reasonable opportunity to be heard. The objective is overall fairness in coverage devoted to important controversial issues. The problem is how this is to be enforced.

What the Commission has done is to attempt to evolve precedents out of specific cases. As a result, however, we find the Commission requiring each individual station to be "fair" in its handling of each individual issue, rather than attempting to create an open marketplace of ideas in the media of a community. Under the Commission's approach, the Commission itself is the final arbiter of what is an issue or idea, of which side has or has not been presented fairly on a particular station, of how many different sides the public should hear, and of who is an acceptable spokesman. It has produced an intricate, confusing, and inherently arbitrary

series of rulings on broadcasting media fairness that clearly limit the free speech of the broadcaster and clearly discourage the free and open exchange of ideas we seek to foster. The reason for this confusion is clear: There can be no a priori definition of fairness that would be viable in a public debate so diverse as ours.

A summary of the FCC's current theory then is roughly as follows: Because of the scarcity of frequencies for broadcasting, and because they are distributed by the government to be used in the public interest, and because the broadcasting function is so important in our society, broadcasting station licenses are valuable public trusts. These valuable public trusts are to be given to private interests, but they are to be used in the public interest. The government is the final arbiter of what constitutes the public interest. The final step in this reasoning is that fairness in the coverage of controversial events and ideas is in the public interest and, therefore, must be determined and enforced by the government.

The implications of this theory applied to broadcasting regulation are serious, but there is a distinct possibility that the theory may be extended to other media. Already there are fewer daily newspapers than radio stations. And the spectrum scarcity foundation for this theory is tenuous. Cable television does not use the broadcast spectrum; yet cable operators are held to the fairness standard on programming they originate. Not all of the spectrum reserved for broadcasting is used. The major



limitations on the broadcasting media are already economic rather than technical. They derive from the number of media outlets a local advertising market will support and from the joint ownership of programming sources and transmission media. This is not very different from the situation of the print media, and there is talk of extending the public trust theory of media regulation and the fairness doctrine to print media. This will be particularly easy should the day come, as it well may, that print is distributed directly into the home electronically. But do we want that result?

Many argue the FCC should carry this theory forward and pursue more vigorously the public interest responsibilities it places on the private broadcaster. But I am much concerned that this theory of broadcast regulation and the industry structure implicit therein leads inexorably toward government regulation of content. However mildly we are now into that business, it is bad precedent. There are few stopping points along the way to increasingly detailed government prescription of content, and there are many incentives to continue down that road once we have embarked upon it.

Now I am all for the public interest in broadcasting. And I am for the concept of private enterprise ownership of the media. But I feel our public policy has a built-in inconsistency: We have structured the

industry so that the incentives provided the private owners of the electronic media go one way, and we then impose public interest requirements directly counter to those incentives.

We are reminded that this year is the fiftieth anniversary of broadcasting in the United States. "Fifty years of service, and the best is yet to come." I believe that. The private enterprise broadcasters of this country have served us well. They deserve credit and even praise. But when we place on one small group of private businessmen the responsibility for exercise of a broad public trust, we have violated a basic principle of human nature and have created a serious conflict of interest situation. The strains of a contrived and fundamentally unsound public policy are beginning to show. Why the sudden change?

Our society has changed. Changed from loosely connected local communities to a national community; changed from a naive, parochial public to a better educated, better informed public. Most importantly, our citizenry is tremendously more aware of the diversity of issues and viewpoints surrounding them. They are more inclined to make their own judgments than to accept predigested views. Broadcast journalism has played a big role in bringing about this transformation, and the news we need as a people has changed accordingly. The evening news is less and less



a description of a world outside the average American's experience, and more and more a discussion of events in an increasingly familiar world. We still need factual and investigative reporting, but we increasingly need and want interpretation and commentary. The fact that a better informed and more aware citizen prefers to make his own judgments means that more and more issues are going to be in need of public discussion.

How do we encourage the interpretation, commentary, and the free expression of ideas on the broadcasting media under the existing theory of government regulation? I am not optimistic. It is not that I am so concerned with government censorship in the United States nor even with political intimidation, and I am certainly not crying crisis. But I am concerned with a tendency for government regulation to produce more meddlesome ad hoc-ery than wisdom; more dulling mediocrity than vision. We are not likely in this country to allow tyranny or suppression of ideas; but we conceivably could allow a bureaucratic frustration of the free and open exchange of ideas. And that would be profoundly unhealthy.

I would like to close on an encouraging note. These are complex and difficult problems. But they can be dealt with in a positive and constructive way. We have simply passed the day when the ad hoc

improvisation of policy is satisfactory. We now face a great challenge in thinking through what we expect of our broadcasting institutions and how we should go about achieving our objectives.

At the center of that challenge are the issues of access to the broadcasting media. The free exchange of ideas in our society will require access to the media at both ends. Failure to resolve the access issue is what is driving the government to determinations of fairness in the presentation of ideas rather than fairness in the conditions of their exchange. It is not a free exchange when the government prescribes which ideas are to have what representation. I might add that the free press function also has an important stake in the access issue. The access issues will force us to sort out the imprecision in our thinking about the conflict between the free speech rights and the obligations of the media owners. We will have to face up to the fact that the combination of media ownership and programming control drives the government to deal with that conflict in ways that are ultimately undesirable.

The broadcasting media offer a tremendous potential beyond the great service that they already offer. Those of you here tonight, and particularly those being honored, have a better vision than most of what the potential might be. My Office has the responsibility for addressing the public policy aspects of this challenge, as do the FCC and the Congress.



But it is not a job we in government can do by ourselves, and it is not a job we should do by ourselves. Our purpose is not to dictate policy, particularly in such a sensitive area as broadcasting. Our purpose is to encourage the development of a thoughtful policy through the cooperation of the government, the public, and the media.

We actively seek the cooperation of those professionals such as yourselves who have given thought to these problems. But these ideas are also important to every citizen. I would hope that the broadcasting journalist as well as the broadcasting owner would become more concerned with these questions of policy -- both for the sake of his profession and for the sake of his public, to see that they get the attention, thoughtfulness, and understanding they deserve.





Federal Communications Bar Association

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