

THE WHITE HOUSE

WASHINGTON

November 2, 1970

MEMORANDUM FOR CLAY T. WHITEHEAD

From: William E. Timmons *WET*

Subject: House Special Subcommittee for Investigation of Department  
of Defense Communications


With reference to your memorandum of November 2nd on the above subject, my office sees no reason for not doing so. Apparently, the subcommittee wants to discuss your responsibilities in the communications field and the relationship between your office and Defense in general; and, as their letter says, the relationship between the Assistant to the Secretary of Defense for Telecommunications specifically.

If you are not going to be in town on the 17th, we would suggest that you simply tell the Committee that you had plans for being out of town but you would be glad to testify at a future date. If you are going to be here you might as well get it over with.

We would suggest that you have a prepared statement well coordinated with Defense and that you limit your discussion to that portion of the National Communications System which falls within your realm of responsibility, and your general relationships to the Department of Defense and to the Assistant to the Secretary, throwing all specific questions to Defense.

If you coordinate this well with Defense and avoid either generalization or detailed knowledge of what has gone on before, it shouldn't be too much of a chore.

You may wish to have Dick Capen of Mel Laird's office (Congressional Liaison shop) give you a little background as to the reason for the hearing. My office will also be glad to talk to the Committee staff if you so desire.





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

DIRECTOR

November 2, 1970

MEMORANDUM FOR WILLIAM TIMMONS

I have been invited to testify on November 19 before a subcommittee of the Armed Services Investigating Subcommittee of the House Armed Services Committee (see attached). The Subcommittee, chaired by Robert H. Mollohan (West Virginia), is concerned with Defense Department Communications Systems. They are holding Executive Sessions, and generally Defense witnesses have been required to appear alone. To date, this Subcommittee has issued no reports.

Defense spokesman are pretty upset about this committee, principally because of its procedures. I would appreciate your views on how important this committee is, on whether I should agree to testify, and on whether I should go unaccompanied.



Clay T. Whitehead

Attachment



SUBCOMMITTEE MEMBERS  
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JOHN T. M. REDDAN  
COUNSEL

NINETY-FIRST CONGRESS

## House of Representatives

### COMMITTEE ON ARMED SERVICES

#### ARMED SERVICES INVESTIGATING SUBCOMMITTEE

2339 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
225-4221, GOVERNMENT CODE 180, EXT. 4221

October 19, 1970

Mr. Clay T. Whitehead  
Director  
Office of Telecommunications Policy  
Executive Office of the President  
Washington, D. C.

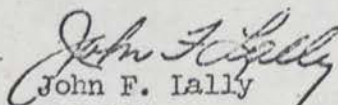
Dear Mr. Whitehead:

This refers to a telephone conversation of today's date with Mr. Doyle of your office.

Chairman Robert H. Mollohan, of the Special Subcommittee for the Investigation of Department of Defense Communications, directed that an invitation be extended to you to testify during the current phase of our hearings. The Subcommittee is desirous of discussing your responsibility in the telecommunications field, and the relationships between your office and the Department of Defense generally, and the Assistant to the Secretary of Defense for Telecommunications specifically. This would include a discussion of the National Communications System and the role of the Department of Defense in that System. If you wish to make a prepared statement, it is requested that five copies be submitted to this office by November 17.

If your schedule permits, the suggested date for your appearance is Thursday, November 19 at 9:30 A.M.

Sincerely,

  
John F. Lally

Counsel

Defense Communications Subcommittee



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

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11/19/70  
9:30  
2 NOV 1970

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Clay T. Whitehead

Attachment

CCJoyce:hmy

10-30-70

cc: DTP - 4 ✓

Joyce Subject Copy

" Chron File



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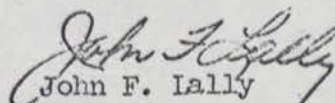
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Sincerely,



John F. Lally  
Counsel  
Defense Communications Subcommittee

Friday 10/30/70

MEETING  
11/19/70  
9:30 a. m.

11:20    Advised Charles Joyce that Mr. Whitehead does want a memo written to Timmons, he does want Mr. Joyce to prepare a statement for him and doesn't want anyone to go with him to the hearing.



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

Date: October 29, 1970

Subject: Appearance before the Mollohan Subcommittee

To: Mr. Whitehead

While trying to draft a memorandum for Timmons on your requested appearance before the Mollohan Subcommittee (see attached), it occurred to me that nothing in the invitation implied that they would treat you the way they have treated the Defense witnesses; i. e., no counsel, no transcript, etc. I decided to call Tom O'Brien on the Subcommittee Staff and find out what they had in mind.

O'Brien said that De Rosa mentioned in his testimony his close relationship with your office. The two congressmen were unaware the OTP existed. They would like to have you explain broadly your functions, responsibilities, and your relationship with Defense. (This must be taken as somewhat tongue in cheek.) He indicated that with the permission of the Committee Chairman, you could purchase a transcript and would undoubtedly be welcome to bring someone with you to the hearing if you indicated to Mr. Lally your desire to do so. The hearing would be an executive session and would be classified top secret.

I believe this information removes most of the objections which could be raised to your appearance. I do not see that any undesirable precedents would be established, provided that the above arrangements were agreed to by Mr. Lally beforehand.

Do you still want to get Timmons' view or would you just like to go ahead and appear?

1. Do a memorandum to Timmons. ☒
2. Do a reply agreeing to go. ☐
3. Indicate acceptance by telephone. ☐

If you desire to go, I think you should have a prepared statement about the functions of your office and your relationship with Defense. Do you want me to prepare such a statement? YES ✓ NO     

Do you want anyone to go with you? Who?       

*C. C. Joyce, Jr.*  
Charles C. Joyce, Jr.

Attachment





11/19/70  
9:30 am

October 27, 1970

Charlie,

Tom is not too anxious to get in front of this group because it is practically impossible to predict what they are after or what they will ask. He has asked if you will give some consideration to what he might say if he has to go. You might check with Bill Morrill, OMB, and determine whether or not Bill has had any luck in finding a way out of this invitation.

Steve

cc: Dr. Lyons

Office of Telecommunications Policy  
Route Slip

20 OCT 1970

Clay T. Whitehead ✓

George F. Mansur

William Plummer

Wilfrid Dean

Ray O'Connell

~~Steve Doyle~~ ✓

William Lyons

Eva Daughtrey ✓

Timmie White

Judy Morton

REMARKS

*Gov Doyle - I gave a copy to  
Dr. Lyons for his info. @*

*Shall I send a copy to C. Joyce and  
ask him to begin work on a brief  
Statement? sed*



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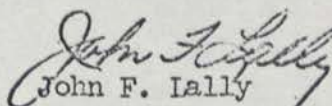
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Sincerely,

  
John F. Lally

Counsel  
Defense Communications Subcommittee

Wednesday 10/14/70

1:15 John Lally - Armed Services Committee of the House --  
would appreciate a call.

225-4221

Checked with John Lally's office to see whether someone  
else could help.

Mr. Lally is Assistant Counsel, Special Subcommittee on  
Communications, Armed Services Committee. Their  
subcommittee has been conducting a worldwide investigation  
of communications, and, in Mr. deRosa's testimony on Tuesday,  
he mentioned he had met with you a number of times in your  
new position. Mr. Mollihan, Chairman of the Committee, requested  
that they contact you and ask if you would be willing to come over  
and testify in the sense of relationships with the Congress, etc.

Dr. Hall  
MD

They have adjourned and will not return until the 16th of November.  
So they would probably want you to come over the 17th or 18th  
of November.

Nov. 19 morning - 9:30

De Rosa - said CTW & De Rosa have talked

Sub. Committee - Not much interrogation

would like you to review nature of relationships  
with DoD and functions of this new office having  
bearing on DoD.



Original

FOR STAFF INFORMATION; NOT PUBLIC RELEASE

STATEMENT OF HONORABLE CLAY T. WHITEHEAD  
DIRECTOR, OFFICE OF TELECOMMUNICATIONS POLICY  
EXECUTIVE OFFICE OF THE PRESIDENT  
FOR THE SPECIAL SUBCOMMITTEE OF THE  
HOUSE ARMED SERVICES COMMITTEE  
FOR THE INVESTIGATION OF THE  
DEPARTMENT OF DEFENSE COMMUNICATIONS

NOVEMBER 19, 1970 1970

FOR STAFF INFORMATION; NOT PUBLIC RELEASE



STATEMENT OF HONORABLE CLAY T. WHITEHEAD  
DIRECTOR, OFFICE OF TELECOMMUNICATIONS POLICY  
EXECUTIVE OFFICE OF THE PRESIDENT  
FOR THE SPECIAL SUBCOMMITTEE OF THE  
HOUSE ARMED SERVICES COMMITTEE  
FOR THE INVESTIGATION OF THE  
DEPARTMENT OF DEFENSE COMMUNICATIONS

Mr. Chairman and Congressman Hall:

I welcome this opportunity to describe to you the functions of our new office, and our relationship with the Department of Defense and with the Assistant to the Secretary of Defense for Telecommunications.

Since the passage of the Communications Act of 1934, the President has used various arrangements to provide advice and assistance, particularly with respect to his responsibilities for the assignment of radio frequencies to Federal departments and agencies. In 1962, this function was established under an Assistant Director of the Office of Emergency Planning (OEP) who was titled "Director of Telecommunications Management" (DTM). In 1963, the DTM was given additional responsibilities for overseeing the newly established National Communications System (NCS). In this role, the DTM was designated as Special Assistant to the President for Telecommunications. His responsibilities were to be carried out primarily by providing policy guidance to the Secretary of Defense, who was designated Executive Agent for the NCS.

When President Nixon assumed office in 1969, there was a recognized need for stronger central policy formulation and management in the telecommunications area. The General Accounting Office, in its report on the NCS in 1969, recommended stronger central management of the NCS, and specifically suggested that the DTM be established separately from OEP as a new entity. In addition to these concerns about the Federal government's own communications, the accelerated the impact of economic and technological change in/communications industry has raised a host of issues requiring the development of new or more definitive national policies for telecommunications generally.

Accordingly, on February 9, 1970, President Nixon transmitted to the Congress Reorganization Plan No. 1 of 1970, which became effective in April 1970. This plan established within the Executive Office of the President a new and independent Office of Telecommunications Policy. This office assumes the previous responsibilities of the DTM, consolidating this authority with the responsibility to formulate policy recommendations on national telecommunications policy generally.

Subsequently, the President issued Executive Order 11556, which set forth in more detail the responsibilities of the office. Broadly, these responsibilities are: to serve as the President's principal telecommunications



advisor; to coordinate the telecommunications activities of the Executive Branch of the Federal Government, to manage Federal Government use of the radio spectrum, and to enable the executive branch to speak with a clearer voice and to act as a more effective partner with the Federal Communications Commission and the Congress in the development of national telecommunications policies.

There is virtually no area of our society or economy not touched importantly by telecommunications. The emphasis is shifting from meeting simple and well-defined communication "needs" to dealing with an increasing interaction among the communications systems capabilities and the problems and potentials in the Federal departments and in society and business. The new office will delve into more substantive issues of communications policy than did the former Office of Telecommunications Management. To make this possible, the routine activities performed by the Secretariat of the Interdepartmental Radio Advisory Committee have been transferred to the Department of Commerce where the work will be conducted under the policy guidance and broad supervision of my office. We are in the process of assembling a staff of personnel with the experience and expertise in the disciplines that are needed to cope with the problems that will arise in light of the new perspective of the office.

I am, of course, concerned that the Federal Government have effective communication under all foreseeable circumstances.

Responsibilities assigned to me by Executive Order 11556 include: formulating policies and standards for executive branch telecommunications, evaluating the ability of these systems to meet national security and emergency preparedness needs, reviewing telecommunications programs to evaluate their efficiency, and coordinating emergency preparedness activities in the telecommunications area. In view of these responsibilities, I must be concerned with the effectiveness and efficiency of the telecommunications activities of the Department of Defense which constitute a major fraction of the Government's total telecommunications effort.

I am aware of the criticisms which have been levelled at the management of defense communications by the General Accounting Office and the Blue Ribbon Defense Panel. Some of these have been acted on -- for example, the consolidation of responsibilities within the Office of the Secretary of Defense under the Assistant to the Secretary of Defense for Telecommunications. Also, I understand that moves to strengthen the Charter of the Defense Communications Agency are under consideration. Certainly, fragmentation in the management of Defense Communications has been a problem, and I think these steps which have been taken are in the right direction.



One of the most critical deficiencies in the management of both the Defense Communications System and the National Communications System has been the lack of adequate planning and analysis capabilities. Too often, management decisions on common-user systems and other system design issues have been based on abstract principles or roles and missions, rather than on sound technical and economic analysis. Despite several years of study, we still lack a sound basis for deciding the merits of further unification of government communications systems. Qualitative, operational and management arguments can be provided for both sides of this issue -- but hard facts are missing. We must continue to seek ways to increase the level of competence in system planning and analysis within the Government, and to provide organizational arrangements under which the necessary evaluations can be carried out free from bureaucratic pressures and obstacles.

We intend to take a look at the present organizational arrangements for the NCS to see if changes are needed. I am not now convinced that further centralization of powers in my office, as suggested by the General Accounting Office, is warranted. Before deciding on organizational matters, I hope to arrive at clearer answers to three other questions raised by the GAO. These are: (1) the degree of system unification which is desirable, (2) the soundness of the integrated trunking system

concept, and (3) the appropriate means of interconnecting or combining AUTOVON and the FTS. We are now starting on a review of these questions. In addition, I hope to determine what substantive management principles should be applied in developing the management structure for government communications.

In fulfilling the responsibilities assigned to me, I will look for assistance and cooperation to the Secretary of Defense as both Executive Agent of the NCS and as the largest single Federal communications user.

I also look forward to close working relationships between my staff and appropriate DoD staffs, particularly that of the Assistant to the Secretary for Telecommunications. We have mutual interests in the effectiveness and efficiency of defense communications, and in the soundness of the national telecommunications system.

I am relatively new in this job, having been sworn in on September 22, 1970. At the present time, we are limited by budgetary constraints and I am having some difficulty in assembling the type of staff I need because of that. This will seriously limit our ability to address these important issues and implement needed changes. I hope that this will be resolved in the next fiscal year. This Office has direct responsibility for the areas I have been discussing and I am pleased to work with this Committee now and in the future.



## I. INTRODUCTION

We are requesting \$2,702,000 in appropriations:

- 65 full-time positions

## II. NEED FOR OTP

Telecommunications equals electronic communication; OTP vs. Klein; OST  
Growth of the Industry:

Chart #1 - Growth Rates

Chart #2 - Capital Investment

Chart #3 - Rate of Innovation

Presidents Truman through Nixon

Congress, the FCC and the Industry Liked the Idea

## III. RESPONSIBILITIES

President's Principal Advisor - Communications

Executive Branch - Speak With A Clear Voice

Formulate Policies For Federal Government Communications

## IV. FUNCTIONS

### A. Government

1. National Warning and Alert Systems
2. Oversight of Federal Communications Expenditures
3. Spectrum Allocation Procedures

### B. Private

1. Specialized Carriers
2. Mobile Communications Services
3. The Fairness Doctrine
4. Protection of Private Rights in the Computer Culture
5. Cable TV and Over-the-Air Broadcasting
6. Domestic Satellites

### C. International

1. Structure of the Industry
2. The Balance Between Satellites and Underseas Cables
3. International Negotiations

## V. ACCOMPLISHMENTS

Building A New Agency

Projects:

Aerosat

WARC

CPB

Satellite and Cable Facilities for Transatlantic Communications

STATEMENT BY  
CLAY T. WHITEHEAD, DIRECTOR  
OFFICE OF TELECOMMUNICATIONS POLICY

before the  
Subcommittee on Treasury, Post Office, and General Government  
The Honorable Joseph M. Montoya, Chairman  
Appropriations Committee  
United States Senate

May 19, 1971



WITNESS LIST

OFFICE OF TELECOMMUNICATIONS POLICY

before the

Subcommittee on Treasury, Post Office, and General Government  
The Honorable Joseph M. Montoya, Chairman  
Appropriations Committee  
United States Senate

May 19, 1971

1. Clay T. Whitehead, Director
2. George F. Mansur, Deputy Director
3. Wilfrid Dean, Jr., Assistant Director
4. Walter R. Hinchman, Assistant Director
5. Charles C. Joyce, Jr., Assistant Director
6. Antonin Scalia, General Counsel

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to review the budget estimates of the Office of Telecommunications Policy.

We are requesting total appropriations of \$2,702,000. An appropriation of \$1,702,000 is requested for salaries and associated expenses; this will enable us to grow at a uniform rate over the fiscal year to a level of 65 full-time positions. An appropriation of \$1,000,000 is requested for necessary studies that can be carried out more economically by contract or require highly specialized expertise rather than by in-house staff. Our budget estimates for Fiscal Year 1972 are based on the requirements foreseen at the time the Office of Telecommunications Policy was established, as modified by our first few months of actual operation.

You have before you our budget estimates for Fiscal Year 1972. Since the Office of Telecommunications Policy is new to this Committee--since, in fact, we are rather new to everyone--I think it would be useful in this presentation to discuss briefly what the Office is and what it does.

Essentially, it is our responsibility to develop overall communications policy. First, the Director of the Office is the President's principal adviser on electronic communications policy. Second, the Office enables the Executive Branch to speak with a clearer voice on communications matters and to be a more responsible partner in policy discussions with Congress, the FCC, the industry, and the public. Third, the Office formulates new policies and coordinates operations for the Federal Government's own very extensive use of electronic communications.

## I. HISTORY OF OTP

Electronic communications at this point in our history can no longer be considered a novelty. The first commercial telephone service in this country was initiated almost a century ago, the first commercial radio broadcasting a half-century ago. Congressional regulation of the field began as early as 1866, and the Federal Communications Commission has been in existence since 1934. Until 1970, however, there was no agency within the Executive Branch responsible for establishing executive policies in the communications field or for coordinating the communications activities of the Federal Government itself.

Over recent years, the need for such an agency became increasingly apparent. Communications has rapidly become such an important part of the national economy and of the Federal Government's own operations that it requires continuing and coordinated attention on the part of the Executive Branch. During the last twenty years, the communications industry's contribution to national income increased by over 500 percent. That growth is almost double that of the economy as a whole during the same period and even more in excess of the rate for such important areas as transportation and trade.



(Chart #1) Communications is, moreover, an industry which requires a constantly increasing share of our national capital investment--\$10 billion of new investment in 1970, compared with approximately \$6 billion for transportation and \$3 billion for mining. (Chart #2)

Such figures demonstrate the economic importance of the industry. They do not suggest its social importance. Communications is no longer just a technology; it is no longer just a service; it is a social force of the first magnitude, affecting what our children learn, how our political processes operate, where our business and industry locate, what our people know and perhaps what they believe in. There is virtually no area of our life which it does not touch.

It is, moreover, a force which is constantly changing, and in changing, it creates a series of new and important policy problems and issues. This era of change is not coming to an end; it seems to be barely beginning. A graphic representation of the dates that principal communications innovations first entered into commercial use will show most of them crowded into the last 25 years. (Chart #3) The rate of innovation is accelerating. It was only in 1956, for example, that we were first able to make transatlantic telephone calls by submarine cable; prior to that, the calls were subject to the poor quality and unreliability of shortwave radio transmission. Yet less than 10 years later, we were making transatlantic calls by satellite.

Presidents Truman and Eisenhower conducted studies of this accelerating trend and the need for improved Executive organization. President Kennedy ordered a limited reorganization for emergency communications in 1963. President Johnson established a task force on communications policy that proposed, as one of its major recommendations, the establishment of a new entity within the Executive Branch--"a long-range planning, policy-formulating and coordinating, and mission-support capability which can serve to integrate the various roles in which the Executive Branch is presently engaged." When the present Administration took office, it initiated extensive discussions on this subject among representatives of Government and industry, and carefully examined the merits of alternative reorganization forms. Last year President Nixon submitted, and the Congress approved, Reorganization Plan No. 1 of 1970, establishing the Office of Telecommunications Policy. The functions of the Office were further specified in Executive Order 11556.

## II. FUNCTIONS

The specific responsibilities assigned to OTP are set forth in the Reorganization Plan and the Executive Order, copies of which I submit for the record and will be happy to distribute if you wish. You already have our budget estimates before you which go into our specific programs in some detail. For the balance of this presentation I would like to give you some examples of the



matters which currently occupy our attention in the three major subject areas with which we deal.

A. Government Communications:

We are responsible for establishing policies and procedures for the management of the Federal Government's own communications systems. Federal communications systems serve a variety of purposes, ranging from telephone service communication between fire prevention personnel in national forests to command and control of our strategic missile systems. It has been estimated that the Government's investment in communications equipment is almost \$50 billion. The annual expenditure for these systems is somewhere between \$5 and \$10 billion; the imprecision of this estimate is testimony to the absence, prior to OTP, of any agency which could focus upon overall Government expenditures.

Some of the major policy issues with which we are presently concerned in the field of government communications are the following:

(1) National Warning and Alert Systems:

It is imperative that the nation have a warning system, available for use in the event of attack or natural disaster, in which the public can have absolute confidence. The recent failure of the Emergency Broadcast System (EBS) has shaken that confidence, and has raised serious questions about our ability to respond to major emergencies. This Office is now in the process of subjecting both EBS and our National Warning System to an intensive review to assure their reliability and responsiveness to varying needs.

(2) Oversight of Federal Communications Expenditures:

As the expenditures of the Federal Government for communications--including research and development in the field--have grown to their current level, it has become both increasingly important and increasingly difficult to avoid duplication and waste. An example is the relationship between AUTOVON and FTS: The Federal Telecommunications System (FTS) is a voice and data communications system, managed by the General Services Administration and used by all Federal Government agencies. In addition, the Department of Defense maintains a separate voice communications network (AUTOVON) and a separate data communications network (AUTODIN). Interconnection between FTS and AUTODIN has been achieved, but at the present time the Department of Defense voice system has no access to, and is not accessible from, the voice communications systems serving the rest of the Government. This situation is not only inconvenient but perhaps very costly. This Office, working with the General Services Administration, the Department of Defense and the Office of Management and Budget has undertaken to determine what improvements and economies can be achieved.



(3) Spectrum Allocation Procedures:

Approximately half of the radio frequency spectrum is now allocated to the Federal Government and used by the various agencies of the Federal Government. I am responsible for the appropriate allocation of this Federal Government use of the spectrum, and in carrying out that responsibility, I rely heavily upon the advice and assistance of the Interdepartment Radio Advisory Committee composed of representatives of 17 Federal agencies that make extensive use of the spectrum. The spectrum is a limited--and therefore valuable--resource. Highly complex and very difficult decisions must be made about who will be allowed to use what frequencies, for what purposes, where. As the demands on the spectrum for various public and private uses multiply new methods of spectrum planning and management will be required. OTP is exploring such methods jointly with the FCC which allocates the spectrum to non-Federal users.

B. Private Domestic Communications:

The United States has the largest communications industry in the world. Our per capita expenditure on communications services of all kinds exceeds the total per capita income of many nations. Almost 5% of our gross national product is devoted to electronic communications. Except for health services and education, it is the most rapidly growing sector of our economy. OTP is responsible for clarifying the significant policy issues concerning electronic communications and for formulating and presenting the Administration's positions in this field to the Congress, the FCC, and the public. Some of the current and important issues are the following:

(1) Specialized Carriers:

Advances in electronic technology have created the need for, and made possible, many new kinds of communications services in addition to the familiar telephone and telegram services. Having quantities of data and methods of doing business at the disposal of small companies may equalize the competitive advantage held by larger corporations. Microwave relay and satellite systems can carry enormous amounts of information, including television signals, computer data, and facsimile; new low-cost information machines make these large quantities of data and information widely available. Such new systems present the nation with the policy question whether the common-carrier monopoly historically held by telephone companies should be extended to some or all of these new fields; whether new common or quasi-common carriers should be allowed to enter this field; or whether competition should be allowed. If competition is to be allowed, we must decide what pricing limitations should be imposed upon the protected-monopoly common carriers.



(2) Mobile Communications Services:

Ours is a mobile society. As a result, our communications systems must become mobile as well. This is already a reality in the area of broadcast communications--the car radio, the pocket radio, and the TV set small enough to take to the beach. There are increasing demands for similar flexibility in our person-to-person communications--personal paging devices, such as many doctors now have, radio-dispatched vehicles for the small businessman, and pocket or car telephones for everyone. Mobility, however, stretches the capability of the wire; most of these new services must utilize the radio frequency spectrum. A pressing issue at the present time is how space is to be found for mobile person-to-person communications on an already crowded radio frequency spectrum.

Even more importantly for the long run we must develop a sound technological and institutional framework that will permit a substantial growth in mobile communications not possible under current arrangements.

(3) The Fairness Doctrine:

In exercising its responsibility to insure that broadcasting meets the "public interest, convenience and necessity," the FCC has over the years developed the "Fairness Doctrine." This refers to what is becoming an increasingly detailed and confusing set of rules and decisions, intended to assure that broadcasters present fairly both sides of controversial issues of public importance and provide opportunity for response to personal attack. There is concern that what was originally intended to spur public debate and increase public awareness has now come to have the opposite effect, since the risk of violating the Fairness Doctrine can be reduced by minimizing discussions of public issues. The time has come for an overall reassessment of the doctrine and its effects--including its application to the political field and the threat of governmental content control.

(4) Protection of Private Rights in the Computer Culture:

Computers make it possible to accumulate data banks which contain vast quantities of data with considerable proprietary value and information concerning millions of our citizens. Electronic communications make this information readily accessible to people in remote locations. The way in which it is assembled, used, and distributed may profoundly affect lives, careers, and incomes. On occasion, the assembled information may be inaccurate. Should the individual have some right to learn about this and correct it? What restrictions should be imposed upon the communications of such accumulated information to other persons? What procedural and privacy safeguards should be required?



(5) Cable TV and Over-The-Air Broadcasting:

One of the new technologies, coaxial cable, permits the distribution of television signals by wire--and a much larger number of signals than over-the-air broadcasting. Cable seems to have the technological potential of providing a new diversity, flexibility, and quality in television programming. There may be some danger, however, that it could destroy our present system of over-the-air television without providing a satisfactory substitute. At the present time, some cable systems are permitted to import "distant signals" from broadcast stations many miles away without making any payment for the use of such material, either to the broadcasters or to the copyright owners from whom the broadcasters have purchased performance rights. There is general agreement that this is wrong, but no consensus as to how the payment should be required. The FCC has required cable systems above a certain size to originate programs. Some feel that the desirable policy would be the direct opposite of this--that origination of programming by the cable system owner should be positively forbidden so that an anti-competitive common control of program production and telecast distribution will not develop. Cities, counties, and states in addition to the FCC have all imposed upon the new medium varying, often confusing, degrees of regulation which may conflict now or in the future. These and many other problems pertaining to cable do not fit existing regulatory molds and almost certainly will require new legislation.

(6) Domestic Satellites:

American technology launched the first commercial communications satellite for international use in 1965. Six years have passed, and even though American private industry has been willing and able, the American public still does not have the benefit of even a satellite system for national communications. The problem has not been money or technology, but simply governmental delay and indecision concerning how domestic systems should be authorized. Should there be one company granted monopoly rights from the outset, or should the field be open, at least initially, to all entrants? Should telephone common carriers be permitted to enter the field? Should Comsat? What special requirements should be imposed, or special privileges granted, to assure service to Alaska and Hawaii?

C. International Communications:

International communications traffic has historically grown at an annual rate of about 15%. Americans now spend more than \$530 million a year for this purpose and are expected to be spending more than \$5 billion by 1980. International communications are not only important for the conduct of overseas business; in the open world which we seek, they heavily affect the way



in which nations view one another. It is now possible to call London from New York City by simply dialing the number. Last week, a world championship boxing match taking place in Monte Carlo was watched by United States sports enthusiasts on network television. In an era when so many new technologies seem only to facilitate war, creative development of the new technologies of communications is a great chance for peace. Such development requires the resolution of many policy issues, on which OTP will be developing proposals and working closely with the Congress and the FCC.

(1) Structure of the Industry:

At present this country's international private communications are handled by several companies--most of the telephone traffic by AT&T, and most of the data traffic by ITT World Communications, RCA Global Communications and Western Union International. By decision of the FCC, AT&T divides its telephone traffic originating in this country between submarine cables and satellite circuits leased from the Communication Satellite Corporation (Comsat). Comsat is a private corporation authorized by Federal statute whose Board includes Presidentially appointed directors and representatives of other U. S. carriers that buy service from Comsat. The complexity and conflicting incentives built into this industry structure may increase the cost to the public of overseas messages; they certainly place the United States at a severe disadvantage in negotiating with other countries, each of which is usually represented by a single entity. There have been questions raised about this structure for many years; with the tenfold increase in traffic projected by 1980, the Congress and others have been calling for a review of existing legislation and the development of new policy.

(2) The Balance between Satellites and Underseas Cables:

No landing of an undersea communications cable may be made within the United States nor may any communications satellite be placed into service without governmental approval, determined by the FCC. Because of our regulatory structure, if insufficient or excessive capacity is authorized, or if an unreliable or technologically outmoded system is authorized, the private and public consequences are serious. There are at times sharp disputes concerning projected capacity, as well as the relative merits of cables and satellites. These disputes are routinely resolved, in one way or another, in the context of a particular cable or satellite application, but they arise from a failure to address fundamental questions of long-range planning on which the views of industry and several governmental agencies must be sought and coordinated.

(3) International Negotiations:

International communication requires international agreement. Two-way systems need governmental approval at both ends--for cable landings or



satellite earth stations, for rate structures, for connection into the national communications networks. Even one-way broadcasting requires international agreement, since interfering spectrum uses must be avoided. The first permanent forum for such international arrangements was the International Telegraph Union, established in 1865. Its successor is the International Telecommunications Union, established by the Madrid Conference of 1932 and recast into its present form by the Atlantic City Conference of 1947. This organization holds Plenipotentiary Conferences at approximately 5-year intervals, and sponsors much more frequent Administrative Conferences to negotiate changes in the International Radio Regulations and the International Telephone and Telegraph Regulations. In addition to ITU proceedings there are frequent special negotiations with one or more foreign nations--such as those now in progress here in Washington among the members of the International Telecommunications Satellite Consortium (INTELSAT). Such negotiations can have significant commercial, social, and political consequences for the United States. OTP is responsible for providing communications policy guidance for these negotiations to the Department of State.

In all of the areas I have discussed above--and in particular the private domestic and international fields--it is not my intention to create the impression that OTP is the final policy maker. Communications policy in this country is ultimately made by the Congress. It is interpreted and applied by the FCC in the exercise of its regulatory responsibilities. As in other fields, however, the Executive Branch has an important role to play--by making known to Congress, the FCC, and the public its considered views on communications policy matters and their relationship to the broad scope of national concerns; by proposing legislation to the Congress where necessary; by providing a forum for the opinions of the public and industry; and by stimulating national discussion on issues of national consequence. In the field of management of the Government's own communications systems my Office does exercise considerable authority though even there we feel strongly that our approach, insofar as possible, should be to coordinate rather than to control. In the field of non-Government communications, on the other hand, we are merely a partner in the policy-making process, dealing in behalf of the Executive Branch with the Congress, the public, the industry and the FCC. (Chart #4)

### III. ACCOMPLISHMENTS OF THE OFFICE

The most important thing we have done in our first six months is, frankly, to organize the office and form the nucleus of a staff capable of dealing with the kinds of policy problems I have just discussed. I am sure you are aware that the job of building a new agency and establishing its relationship with other Government agencies is enormously time consuming. When OTP was originally



established, it was contemplated that it would have a staff of 65 people. The present budget request would enable us to continue our orderly growth in the coming year until we have reached that original minimal level. I may add parenthetically that we do not anticipate ever growing much beyond that level. The Office was intentionally structured in such a way as to avoid the building of a new bureaucracy. Consequently it was located within the Executive Office of the President; technical support is provided by staff units in various Government departments. In particular, the Department of Commerce has the mission of supplying OTP with broad technical support and with administrative support in the frequency management process. I am pleased to report that we are now beginning to function effectively in the role that the President and the Congress set for us.

While in the process of building our organization, we have felt it important to press forward on a number of substantive issues. Some of these are still underway, but I might mention two completed projects of some importance. First, was the establishment of an aeronautical satellite policy for the United States. It had been apparent for several years that the rapid increase in aircraft traffic on international routes and the limited capability of existing communications systems would soon require the use of satellite communications for aeronautical navigation over the Atlantic and Pacific Basins. There had nevertheless been extended delay in making the necessary arrangements, because of disagreement on technical matters among Federal agencies and within the private sector, and because of the absence of any single forum in which the Federal decision could ultimately be made. The National Aeronautics and Space Administration and the Federal Aviation Administration were about to proceed with overlapping and incompatible programs which could have wasted a substantial amount of money. One of the first accomplishments of the Office was the establishment of a Government policy for aeronautical satellite communications, arrived at after consultation with representatives of various Federal agencies, private airlines and foreign governments. It sets a time frame for development of the system and establishes the outlines of Government-industry cooperation and guidelines for international cooperation. This policy was announced last January. Since that time OTP has been following through to see that it is promptly implemented. This is an example of the type of policy which OTP will be developing -- not policy in the abstract but a specific definition of management relationships to hasten the conversion of new technology to benefit the public and to conserve public funds.

The second major project which has been substantially completed is coordination of United States preparation for the World Administrative Radio Conference on Space to be held in Geneva next month. The process of establishing detailed United States positions is a lengthy one, requiring consultation with industry, Federal agencies ranging from HEW to DOD and, of course, the Department of State. The decisions reached in these international negotiations will be submitted to the Senate for ratification as a treaty; they will affect the growth and development of space communications over the next decade. Our major positions have at this point been established. The briefings of



the Chairman to our delegation have been commenced, and we look forward to a successful session in Geneva.

I should also make mention of three policy proposals which will be announced in the near future. One is legislation for the long-term financing of the Corporation for Public Broadcasting and for the support of educational broadcasting in general. The second is an Executive Branch policy statement concerning the planning of satellite and cable facilities for transatlantic communications. And the third is an updating and amplification of the Executive Branch policy on domestic satellites which was originally announced before formation of this Office, a year ago January.

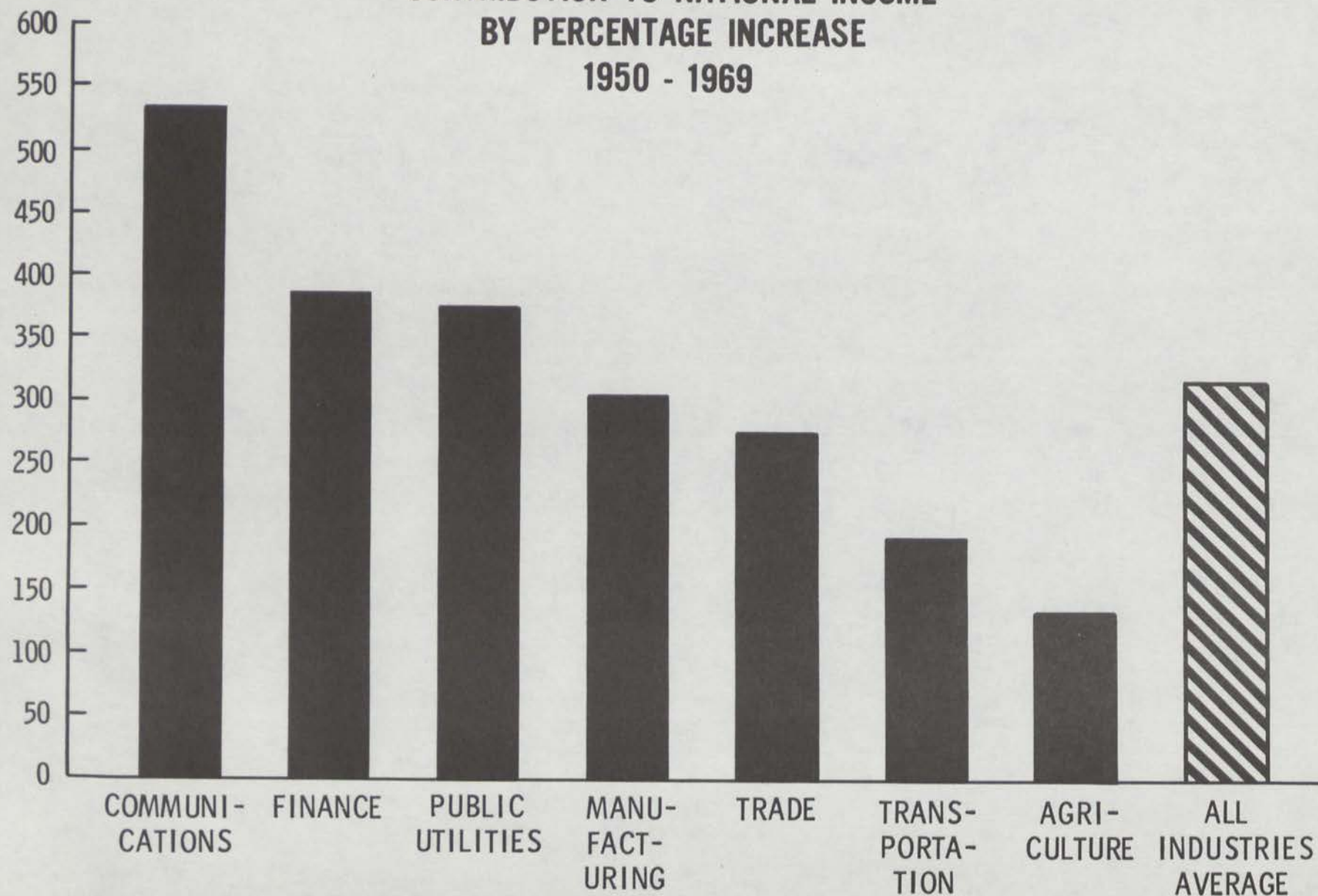
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I have thought it most important, at this first formal appearance before this Committee, to give you this overview of what the Office of Telecommunications Policy is and what it does. Needless to say, I have not made mention of everything we are engaged in, nor have I gone into much detail. I hope, nevertheless, it was enough to give you the general sense of what this Office is meant to do. I will now be happy to reply to any questions you may have concerning the Office and its budget proposal.

# GROWTH RATES

## CONTRIBUTION TO NATIONAL INCOME BY PERCENTAGE INCREASE 1950 - 1969

CHART 1





# NEW CAPITAL INVESTMENT IN PLANT AND EQUIPMENT

CHART 2

1970

MANUFACTURING

PUBLIC UTILITIES

COMMUNICATIONS

TRANSPORTATION

MINING

ALL OTHERS



BILLIONS OF DOLLARS

# DEVELOPMENTS IN ELECTRONIC COMMUNICATIONS

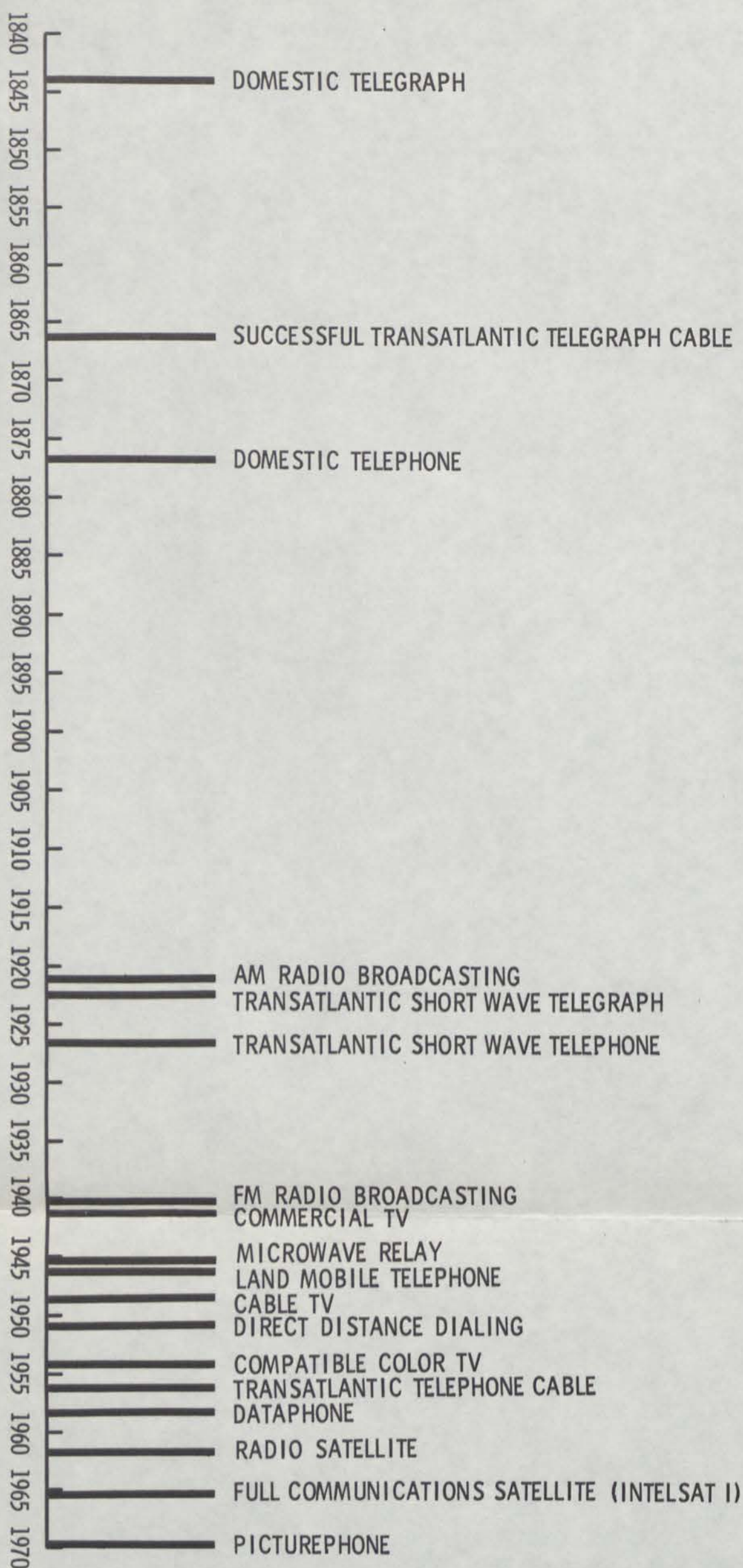
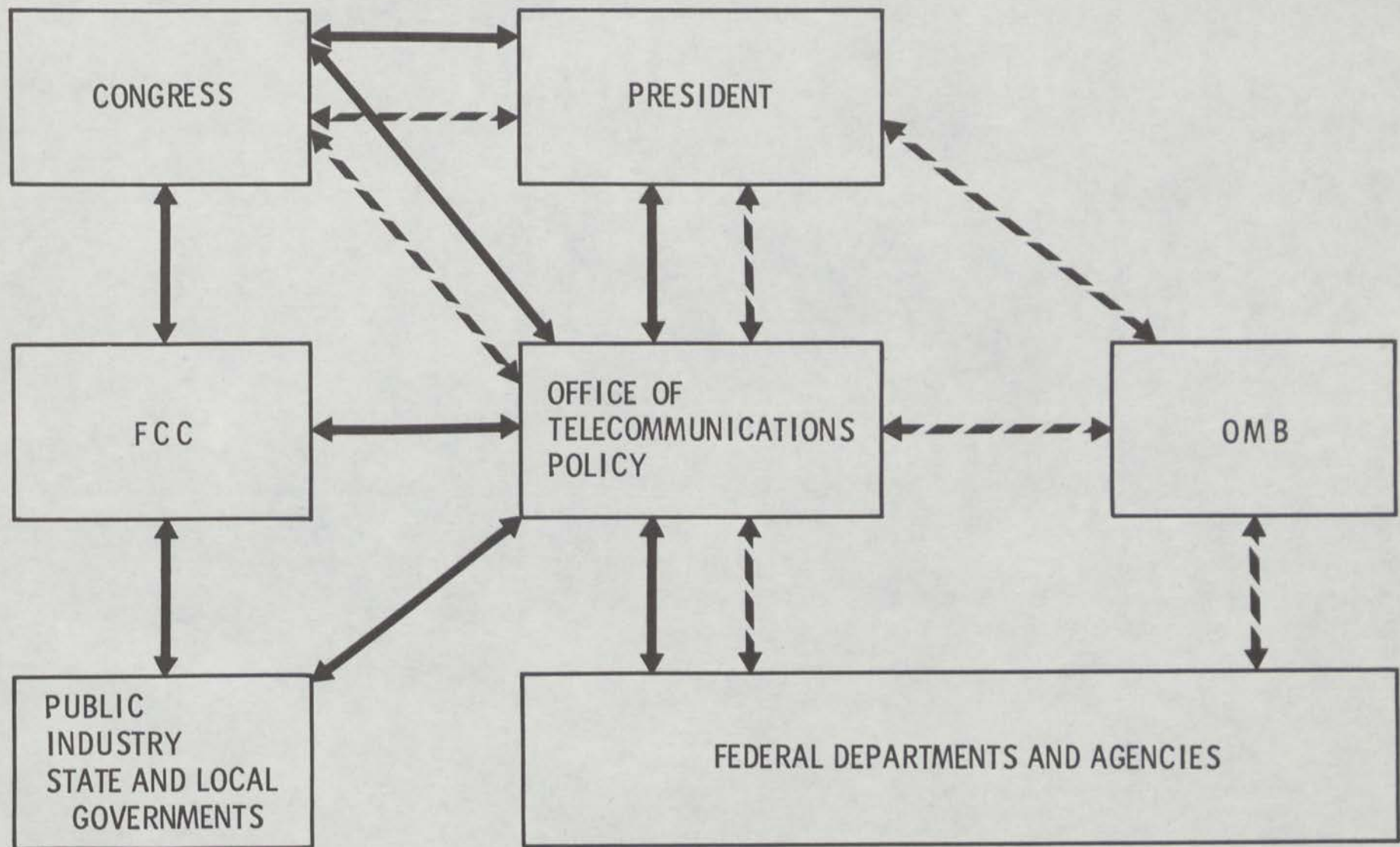


CHART 3



# OFFICE OF TELECOMMUNICATIONS POLICY RELATIONSHIPS

CHART 4



--- Policy For Federal Government Communications  
— Policy For Other Communications

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

OFFICE OF THE DIRECTOR

July 14, 1971

Memorandum to Distribution

From: Linda Smith **LKS**

Re: CTW Trip to Europe

The following is put together as a list of talking topics. All points are meant as suggestions: no conclusions are final.

I would appreciate getting any comments you might have on this, so they can be added for discussion with Tom when he gets back.

Distribution: Linda  
Tom  
George  
Steve  
Brian  
Dick McCormick  
Nino



## Possible European Trip

### A. Purpose - possible reasons to go and topics to discuss

1. Explain OTP Tat 6 policy to European countries and elaborate on any further developments.
2. Visit countries that did not sign the Intelsat agreement on August 20th to discuss their problems.
3. Explain and discuss U.S. activities at WARC.
4. Explore Aerosat policies and possibly pick up loose ends of the August 3 ministerial meeting in Spain.
5. Simply to meet European ministers, explain OTP to them.
6. Suggest international conference to discuss co-ordination of international communications as mentioned in cable/satellite policy statements.
7. Tour European communications facilities.
8. Meet members of European Space community (European Space Research Organization - ESRO).
9. Receive briefing on NATO/SAC/EUR, i.e. - on NATO and U.S. military communications in Europe from General Goodpaster.
10. Meet members of European TV industry, particularly when different from the ministers of communications.
11. Check in with Voice of America and Radio Free Europe.
12. An initiative with Iron Curtain countries
  - a. discuss with Eastern European countries and the USSR topics such as: the Hot Line, Intelsat/Intersputnik cooperation, Intelsat membership.
  - b. explore East-West trade, especially in relation to exchange of computers with USSR.
  - c. NOTE: the above would require White House support and coordination, as well as a highly visible Presidential charge to carry out these missions. The question of whether such support would be forthcoming has been raised. One tack such a charge could take is that the President is interested in the development of world communications and the U.S. role in that development over the next decade. This trip, limited at this time to Europe, would be to explore government and commercial communications.

### B. Timing

The trip should take about 2 weeks, and should not start before the middle of September, to allow adequate time for things to crank up again after summer vacation. Probably the best time would be the end of October.



### C. Countries to be Visited

The following countries have been suggested, of course dependent on the purpose of the trip. A stay of 2 days in each country to be visited seem to be the concensus.

England  
Germany  
France  
Italy  
Spain  
Sweden  
Denmark  
Netherlands  
Turkey  
Iraq  
Yugoslavia  
Rumania  
Czechoslovakia  
USSR

### D. Planning Needs

1. Discuss with Department of State which countries, which ministers and at what levels it would be best to visit -- but only after the purpose and timing of the trip are set.
2. Co-ordination with White House on scope, purpose, visibility of trip, and the question of clearing this through to Kissinger has been raised. Ed David, and White House press should be consulted, also Cap Weinstein at OMB.
3. Request State Dep't. "assistance", plus embassy assistance and accompaniment on all official visits; this is standard protocol.
4. Talk with Philip Tresize (Ass't. Sec. of State for Economic Affairs); Samuel de Palma (Ass't. Sec. of State for International Organizations Affairs); Martin Hillenbrand (Ass't. Sec. of State for European Affairs). There may also be people at DOD.
5. Briefings from: State Dept. and Director of the Office of East-West Trade, and Tom Nelson, Director of the Office of Telecommunications, plus country officers of all countries to be visited.

### Other Possibilities:

1. Solo tour
2. CTW tours as head of joint group, composed of a representative from State, Commerce, etc.



Pros and Cons

Pro

1. Exposure of OTP and CTW to European governments and industry
2. Tie up WARC ends
3. Aerosat follow-up
4. Give USSR chance to talk re Intelsat membership as State is recalcitrant
5. Addition to international industry structure study

Con

1. Re-open State Dep't. wounds and exacerbate tensions with them
2. Create confusion in Europe about who makes communications decisions for the U.S., and who they should deal with on what basis
3. Aggravate DOD, State and maybe CIA by opening question of trade and technological development in Eastern Europe and USSR
4. Lining up trip with current U.S. policy toward Iron Curtain countries
5. Is this worth putting OTP prestige on the line to obtain necessary White House support?
6. Congressional disapproval as "junketing"
7. Need to be here for Congressional hearings
8. Work to be done in OTP and domestically
9. No really solid reason for trip

June 17, 1971

Mr. Whitehead indicated he sat next to Mlle. Christine Knight (stepdaughter of Roger Aubert, President of the Society of Civil Engineers of France) on the evening of June 7, 1971, at the official banquet.

He will plan to get in touch with her when he goes to Europe again.

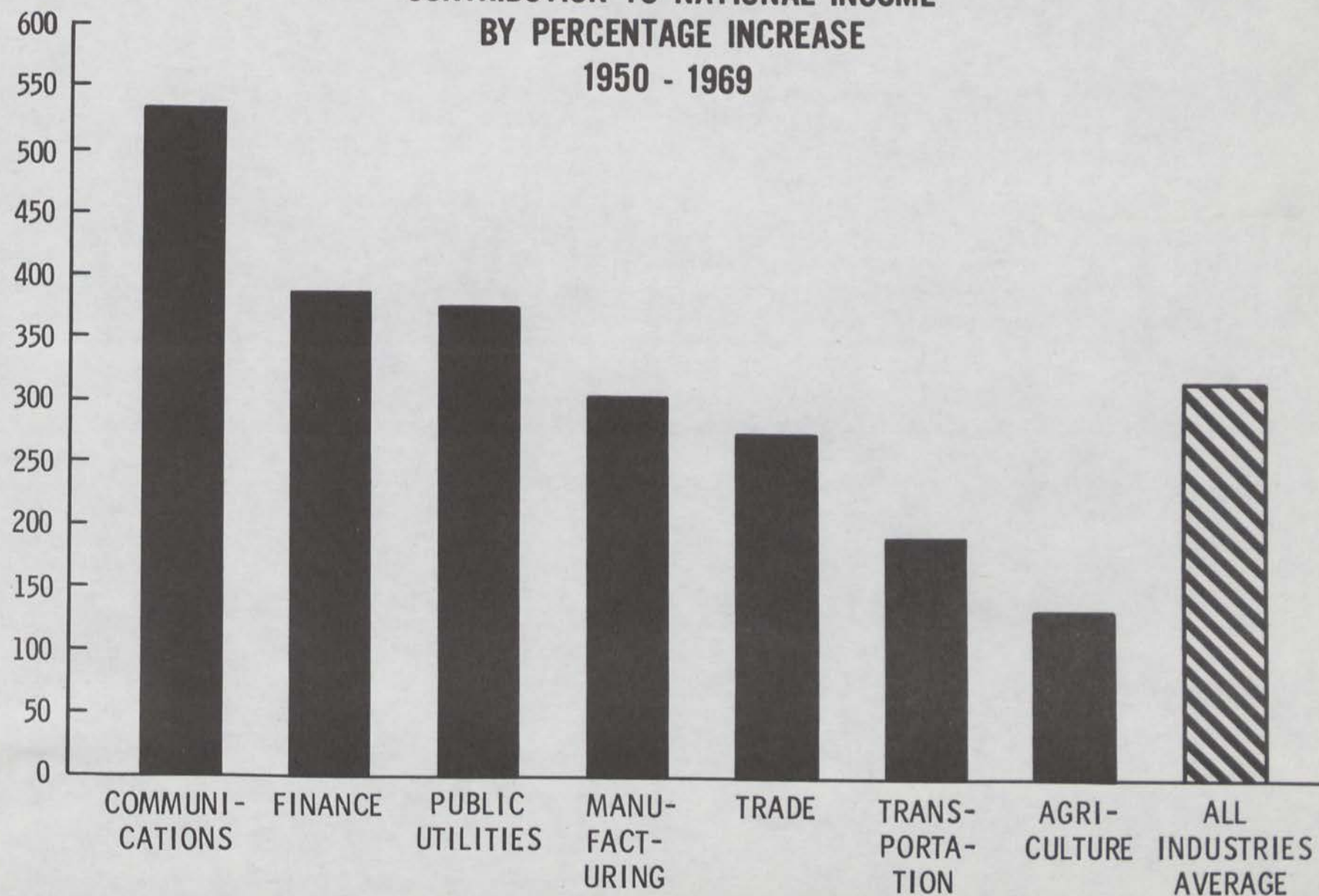
86 rue Charles-Lafitte  
92 - Neuilly  
Mlle<sup>Christine</sup> KNIGHT FRANCE  
722.83.65



# GROWTH RATES

CHART 1

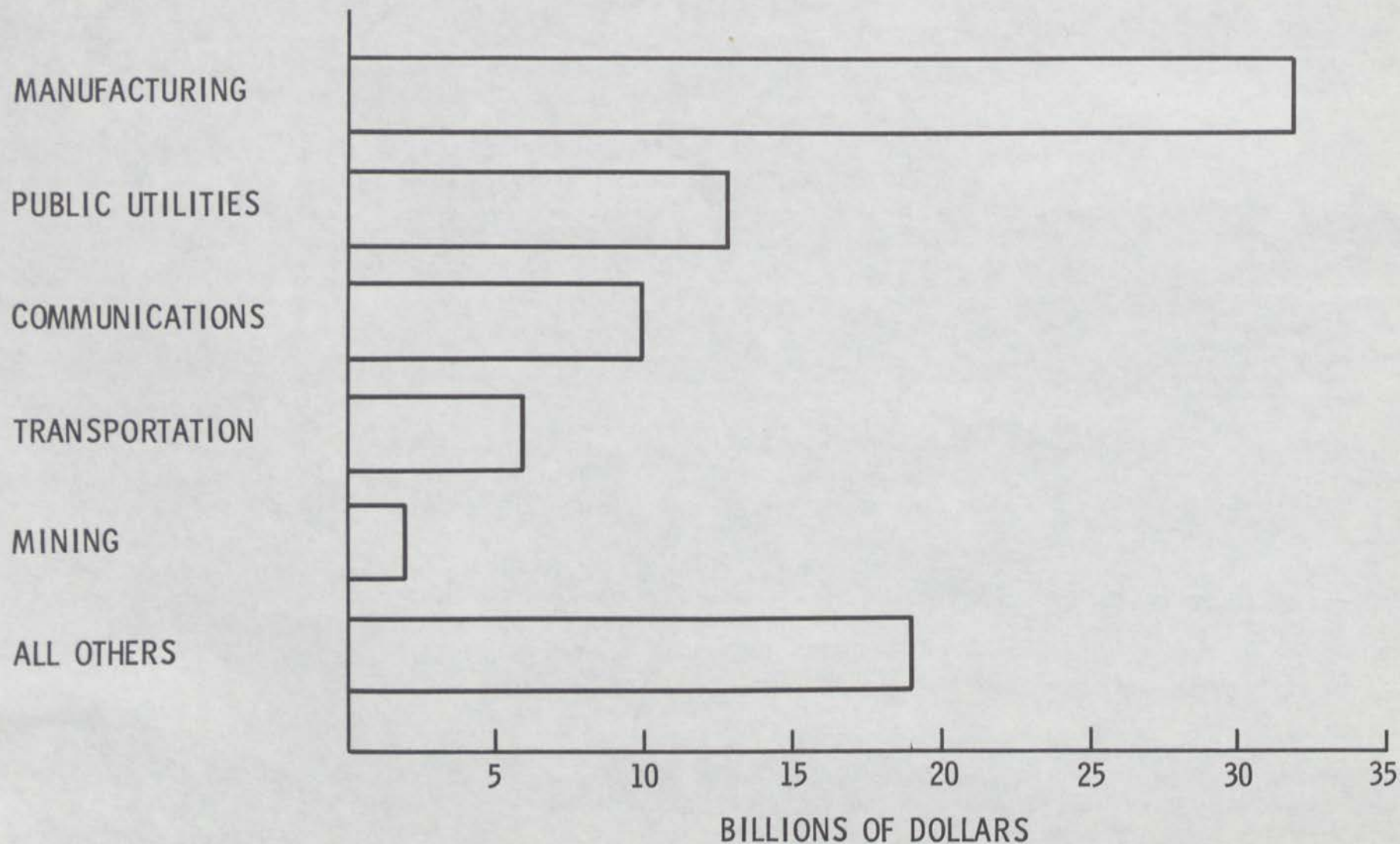
CONTRIBUTION TO NATIONAL INCOME  
BY PERCENTAGE INCREASE  
1950 - 1969



# NEW CAPITAL INVESTMENT IN PLANT AND EQUIPMENT

CHART 2

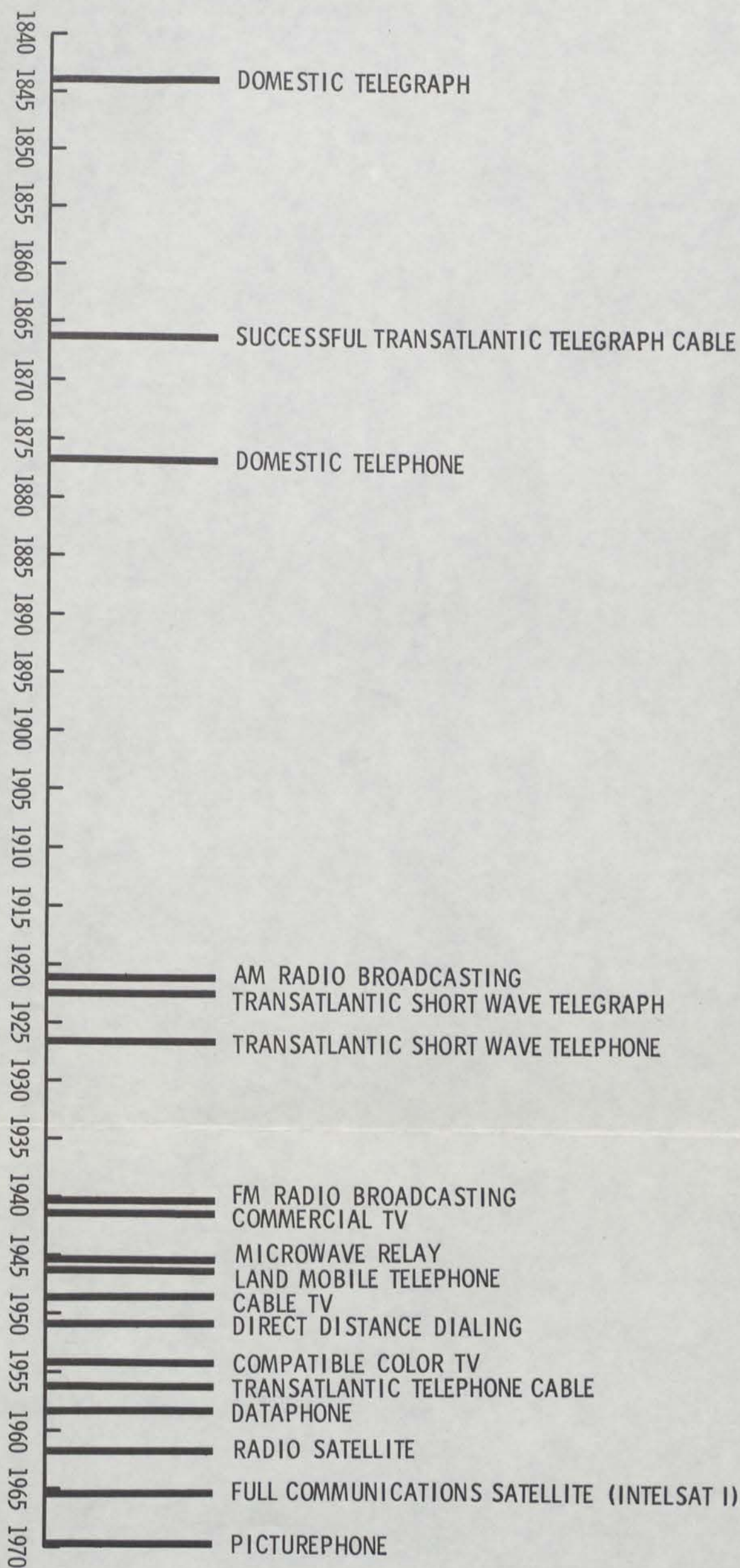
1970





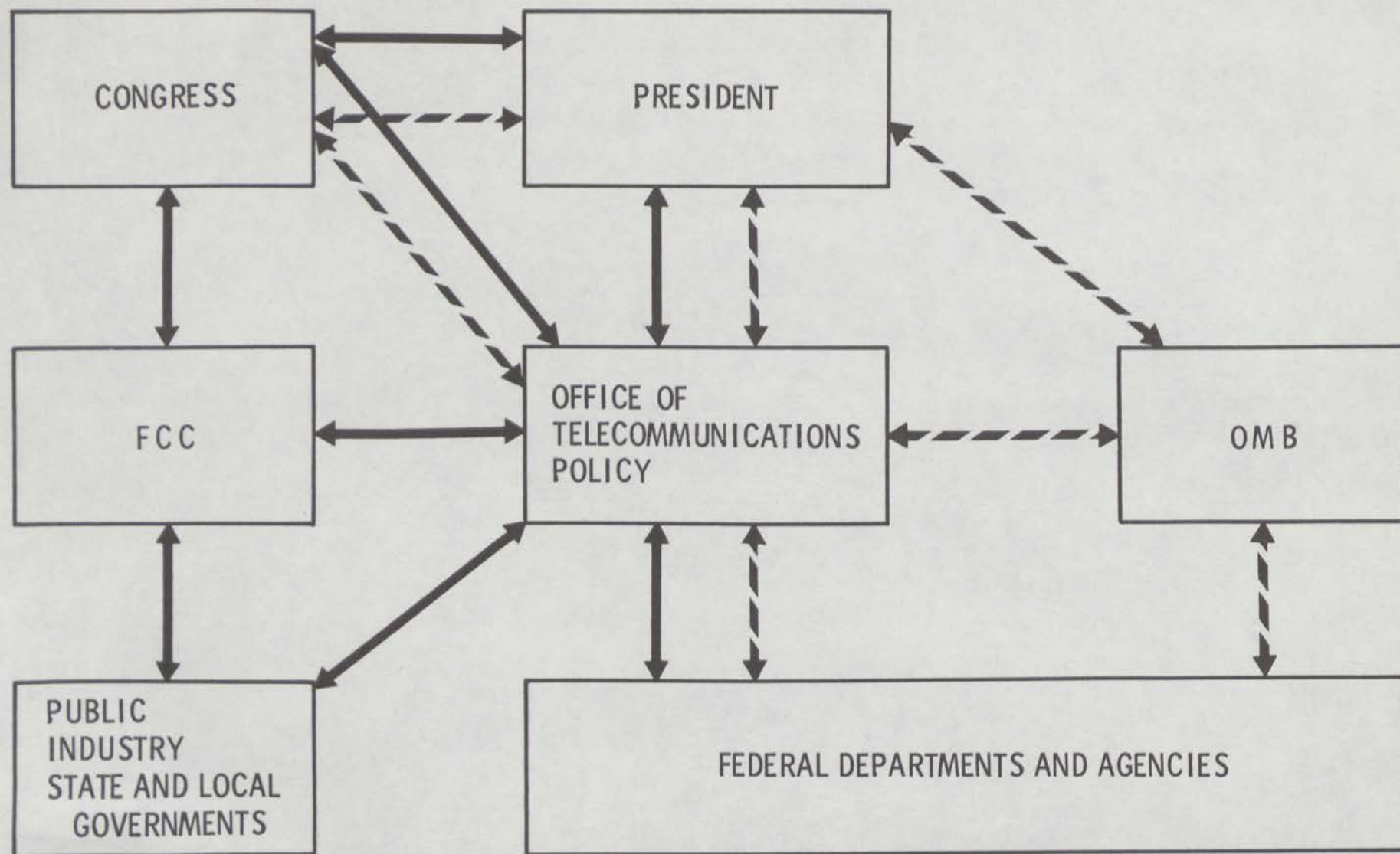
# DEVELOPMENTS IN ELECTRONIC COMMUNICATIONS

CHART 3



# OFFICE OF TELECOMMUNICATIONS POLICY RELATIONSHIPS

CHART 4



--- Policy For Federal Government Communications  
— Policy For Other Communications



137-1090

F1/s

STATEMENT BY  
CLAY T. WHITEHEAD, DIRECTOR  
OFFICE OF TELECOMMUNICATIONS POLICY

before the  
Subcommittee on Treasury, Post Office, and General Government  
The Honorable Joseph M. Montoya, Chairman  
Appropriations Committee  
United States Senate

May 19, 1971

WITNESS LIST

OFFICE OF TELECOMMUNICATIONS POLICY

before the

Subcommittee on Treasury, Post Office, and General Government  
The Honorable Joseph M. Montoya, Chairman  
Appropriations Committee  
United States Senate

May 19, 1971

1. Clay T. Whitehead, Director
2. George F. Mansur, Deputy Director
3. Wilfrid Dean, Jr., Assistant Director
4. Walter R. Hinchman, Assistant Director
5. Charles C. Joyce, Jr., Assistant Director
6. Antonin Scalia, General Counsel



Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to review the budget estimates of the Office of Telecommunications Policy.

We are requesting total appropriations of \$2,702,000. An appropriation of \$1,702,000 is requested for salaries and associated expenses; this will enable us to grow at a uniform rate over the fiscal year to a level of 65 full-time positions. An appropriation of \$1,000,000 is requested for necessary studies that can be carried out more economically by contract or require highly specialized expertise rather than by in-house staff. Our budget estimates for Fiscal Year 1972 are based on the requirements foreseen at the time the Office of Telecommunications Policy was established, as modified by our first few months of actual operation.

You have before you our budget estimates for Fiscal Year 1972. Since the Office of Telecommunications Policy is new to this Committee--since, in fact, we are rather new to everyone--I think it would be useful in this presentation to discuss briefly what the Office is and what it does.

Essentially, it is our responsibility to develop overall communications policy. First, the Director of the Office is the President's principal adviser on electronic communications policy. Second, the Office enables the Executive Branch to speak with a clearer voice on communications matters and to be a more responsible partner in policy discussions with Congress, the FCC, the industry, and the public. Third, the Office formulates new policies and coordinates operations for the Federal Government's own very extensive use of electronic communications.

## I. HISTORY OF OTP

Electronic communications at this point in our history can no longer be considered a novelty. The first commercial telephone service in this country was initiated almost a century ago, the first commercial radio broadcasting a half-century ago. Congressional regulation of the field began as early as 1866, and the Federal Communications Commission has been in existence since 1934. Until 1970, however, there was no agency within the Executive Branch responsible for establishing executive policies in the communications field or for coordinating the communications activities of the Federal Government itself.

Over recent years, the need for such an agency became increasingly apparent. Communications has rapidly become such an important part of the national economy and of the Federal Government's own operations that it requires continuing and coordinated attention on the part of the Executive Branch. During the last twenty years, the communications industry's contribution to national income increased by over 500 percent. That growth is almost double that of the economy as a whole during the same period and even more in excess of the rate for such important areas as transportation and trade.



(Chart #1) Communications is, moreover, an industry which requires a constantly increasing share of our national capital investment--\$10 billion of new investment in 1970, compared with approximately \$6 billion for transportation and \$3 billion for mining. (Chart #2)

Such figures demonstrate the economic importance of the industry. They do not suggest its social importance. Communications is no longer just a technology; it is no longer just a service; it is a social force of the first magnitude, affecting what our children learn, how our political processes operate, where our business and industry locate, what our people know and perhaps what they believe in. There is virtually no area of our life which it does not touch.

It is, moreover, a force which is constantly changing, and in changing, it creates a series of new and important policy problems and issues. This era of change is not coming to an end; it seems to be barely beginning. A graphic representation of the dates that principal communications innovations first entered into commercial use will show most of them crowded into the last 25 years. (Chart #3) The rate of innovation is accelerating. It was only in 1956, for example, that we were first able to make transatlantic telephone calls by submarine cable; prior to that, the calls were subject to the poor quality and unreliability of shortwave radio transmission. Yet less than 10 years later, we were making transatlantic calls by satellite.

Presidents Truman and Eisenhower conducted studies of this accelerating trend and the need for improved Executive organization. President Kennedy ordered a limited reorganization for emergency communications in 1963. President Johnson established a task force on communications policy that proposed, as one of its major recommendations, the establishment of a new entity within the Executive Branch--"a long-range planning, policy-formulating and coordinating, and mission-support capability which can serve to integrate the various roles in which the Executive Branch is presently engaged." When the present Administration took office, it initiated extensive discussions on this subject among representatives of Government and industry, and carefully examined the merits of alternative reorganization forms. Last year President Nixon submitted, and the Congress approved, Reorganization Plan No. 1 of 1970, establishing the Office of Telecommunications Policy. The functions of the Office were further specified in Executive Order 11556.

## II. FUNCTIONS

The specific responsibilities assigned to OTP are set forth in the Reorganization Plan and the Executive Order, copies of which I submit for the record and will be happy to distribute if you wish. You already have our budget estimates before you which go into our specific programs in some detail. For the balance of this presentation I would like to give you some examples of the



matters which currently occupy our attention in the three major subject areas with which we deal.

A. Government Communications:

We are responsible for establishing policies and procedures for the management of the Federal Government's own communications systems. Federal communications systems serve a variety of purposes, ranging from telephone service communication between fire prevention personnel in national forests to command and control of our strategic missile systems. It has been estimated that the Government's investment in communications equipment is almost \$50 billion. The annual expenditure for these systems is somewhere between \$5 and \$10 billion; the imprecision of this estimate is testimony to the absence, prior to OTP, of any agency which could focus upon overall Government expenditures.

Some of the major policy issues with which we are presently concerned in the field of government communications are the following:

(1) National Warning and Alert Systems:

It is imperative that the nation have a warning system, available for use in the event of attack or natural disaster, in which the public can have absolute confidence. The recent failure of the Emergency Broadcast System (EBS) has shaken that confidence, and has raised serious questions about our ability to respond to major emergencies. This Office is now in the process of subjecting both EBS and our National Warning System to an intensive review to assure their reliability and responsiveness to varying needs.

(2) Oversight of Federal Communications Expenditures:

As the expenditures of the Federal Government for communications--including research and development in the field--have grown to their current level, it has become both increasingly important and increasingly difficult to avoid duplication and waste. An example is the relationship between AUTOVON and FTS: The Federal Telecommunications System (FTS) is a voice and data communications system, managed by the General Services Administration and used by all Federal Government agencies. In addition, the Department of Defense maintains a separate voice communications network (AUTOVON) and a separate data communications network (AUTODIN). Interconnection between FTS and AUTODIN has been achieved, but at the present time the Department of Defense voice system has no access to, and is not accessible from, the voice communications systems serving the rest of the Government. This situation is not only inconvenient but perhaps very costly. This Office, working with the General Services Administration, the Department of Defense and the Office of Management and Budget has undertaken to determine what improvements and economies can be achieved.



(3) Spectrum Allocation Procedures:

Approximately half of the radio frequency spectrum is now allocated to the Federal Government and used by the various agencies of the Federal Government. I am responsible for the appropriate allocation of this Federal Government use of the spectrum, and in carrying out that responsibility, I rely heavily upon the advice and assistance of the Interdepartment Radio Advisory Committee composed of representatives of 17 Federal agencies that make extensive use of the spectrum. The spectrum is a limited--and therefore valuable--resource. Highly complex and very difficult decisions must be made about who will be allowed to use what frequencies, for what purposes, where. As the demands on the spectrum for various public and private uses multiply, new methods of spectrum planning and management will be required. OTP is exploring such methods jointly with the FCC which allocates the spectrum to non-Federal users.

B. Private Domestic Communications:

The United States has the largest communications industry in the world. Our per capita expenditure on communications services of all kinds exceeds the total per capita income of many nations. Almost 5% of our gross national product is devoted to electronic communications. Except for health services and education, it is the most rapidly growing sector of our economy. OTP is responsible for clarifying the significant policy issues concerning electronic communications and for formulating and presenting the Administration's positions in this field to the Congress, the FCC, and the public. Some of the current and important issues are the following:

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In exercising its responsibility to insure that broadcasting meets the "public interest, convenience and necessity," the FCC has over the years developed the "Fairness Doctrine." This refers to what is becoming an increasingly detailed and confusing set of rules and decisions, intended to assure that broadcasters present fairly both sides of controversial issues of public importance and provide opportunity for response to personal attack. There is concern that what was originally intended to spur public debate and increase public awareness has now come to have the opposite effect, since the risk of violating the Fairness Doctrine can be reduced by minimizing discussions of public issues. The time has come for an overall reassessment of the doctrine and its effects--including its application to the political field and the threat of governmental content control.

(4) Protection of Private Rights in the Computer Culture:

[ Computers make it possible to accumulate data banks which contain vast quantities of data with considerable proprietary value and information concerning millions of our citizens. Electronic communications make this information readily accessible to people in remote locations. The way in which it is assembled, used, and distributed may profoundly affect lives, careers, and incomes. On occasion, the assembled information may be inaccurate. Should the individual have some right to learn about this and correct it? What restrictions should be imposed upon the communications of such accumulated information to other persons? -What procedural and privacy safeguards should be required? ]



(5) Cable TV and Over-The-Air Broadcasting:

One of the new technologies, coaxial cable, permits the distribution of television signals by wire--and a much larger number of signals than over-the-air broadcasting. Cable seems to have the technological potential of providing a new diversity, flexibility, and quality in television programming. There may be some danger, however, that it could destroy our present system of over-the-air television without providing a satisfactory substitute. At the present time, some cable systems are permitted to import "distant signals" from broadcast stations many miles away without making any payment for the use of such material, either to the broadcasters or to the copyright owners from whom the broadcasters have purchased performance rights. There is general agreement that this is wrong, but no consensus as to how the payment should be required. The FCC has required cable systems above a certain size to originate programs. Some feel that the desirable policy would be the direct opposite of this--that origination of programming by the cable system owner should be positively forbidden so that an anti-competitive common control of program production and telecast distribution will not develop. Cities, counties, and states in addition to the FCC have all imposed upon the new medium varying, often confusing, degrees of regulation which may conflict now or in the future. These and many other problems pertaining to cable do not fit existing regulatory molds and almost certainly will require new legislation.

(6) Domestic Satellites:

*what should be done to protect*

American technology launched the first commercial communications satellite for international use in 1965. Six years have passed, and even though American private industry has been willing and able, the American public still does not have the benefit of even a satellite system for national communications. The problem has not been money or technology, but simply governmental delay and indecision concerning how domestic systems should be authorized. Should there be one company granted monopoly rights from the outset, or should the field be open, at least initially, to all entrants? Should telephone common carriers be permitted to enter the field? Should Comsat? What special requirements should be imposed, or special privileges granted, to assure service to Alaska and Hawaii?

C. International Communications:

International communications traffic has historically grown at an annual rate of about 15%. Americans now spend more than \$530 million a year for this purpose and are expected to be spending more than \$5 billion by 1980. International communications are not only important for the conduct of over-seas business; in the open world which we seek, they heavily affect the way



in which nations view one another. It is now possible to call London from New York City by simply dialing the number. Last week, a world championship boxing match taking place in Monte Carlo was watched by United States sports enthusiasts on network television. In an era when so many new technologies seem only to facilitate war, creative development of the new technologies of communications is a great chance for peace. Such development requires the resolution of many policy issues, on which OTP will be developing proposals and working closely with the Congress and the FCC.

(1) Structure of the Industry:

At present this country's international private communications are handled by several companies--most of the telephone traffic by AT&T, and most of the data traffic by ITT World Communications, RCA Global Communications and Western Union International. By decision of the FCC, AT&T divides its telephone traffic originating in this country between submarine cables and satellite circuits leased from the Communication Satellite Corporation (Comsat). Comsat is a private corporation authorized by Federal statute whose Board includes Presidentially appointed directors and representatives of other U. S. carriers that buy service from Comsat. The complexity and conflicting incentives built into this industry structure may increase the cost to the public of overseas messages; they certainly place the United States at a severe disadvantage in negotiating with other countries, each of which is usually represented by a single entity. There have been questions raised about this structure for many years; with the tenfold increase in traffic projected by 1980, the Congress and others have been calling for a review of existing legislation and the development of new policy.

(2) The Balance between Satellites and Underseas Cables:

No landing of an undersea communications cable may be made within the United States nor may any communications satellite be placed into service without governmental approval, determined by the FCC. Because of our regulatory structure, if insufficient or excessive capacity is authorized, or if an unreliable or technologically outmoded system is authorized, the private and public consequences are serious. There are at times sharp disputes concerning projected capacity, as well as the relative merits of cables and satellites. These disputes are routinely resolved, in one way or another, in the context of a particular cable or satellite application, but they arise from a failure to address fundamental questions of long-range planning on which the views of industry and several governmental agencies must be sought and coordinated.

(3) International Negotiations:

International communication requires international agreement. Two-way systems need governmental approval at both ends--for cable landings or



satellite earth stations, for rate structures, for connection into the national communications networks. Even one-way broadcasting requires international agreement, since interfering spectrum uses must be avoided. The first permanent forum for such international arrangements was the International Telegraph Union, established in 1865. Its successor is the International Telecommunications Union, established by the Madrid Conference of 1932 and recast into its present form by the Atlantic City Conference of 1947. This organization holds Plenipotentiary Conferences at approximately 5-year intervals, and sponsors much more frequent Administrative Conferences to negotiate changes in the International Radio Regulations and the International Telephone and Telegraph Regulations. In addition to ITU proceedings there are frequent special negotiations with one or more foreign nations--such as those now in progress here in Washington among the members of the International Telecommunications Satellite Consortium (INTELSAT). Such negotiations can have significant commercial, social, and political consequences for the United States. OTP is responsible for providing communications policy guidance for these negotiations to the Department of State.

In all of the areas I have discussed above--and in particular the private domestic and international fields--it is not my intention to create the impression that OTP is the final policy maker. Communications policy in this country is ultimately made by the Congress. It is interpreted and applied by the FCC in the exercise of its regulatory responsibilities. As in other fields, however, the Executive Branch has an important role to play--by making known to Congress, the FCC, and the public its considered views on communications policy matters and their relationship to the broad scope of national concerns; by proposing legislation to the Congress where necessary; by providing a forum for the opinions of the public and industry; and by stimulating national discussion on issues of national consequence. In the field of management of the Government's own communications systems my Office does exercise considerable authority though even there we feel strongly that our approach, insofar as possible, should be to coordinate rather than to control. In the field of non-Government communications, on the other hand, we are merely a partner in the policy-making process, dealing in behalf of the Executive Branch with the Congress, the public, the industry and the FCC. (Chart #4)

### III. ACCOMPLISHMENTS OF THE OFFICE

The most important thing we have done in our first six months is, frankly, to organize the office and form the nucleus of a staff capable of dealing with the kinds of policy problems I have just discussed. I am sure you are aware that the job of building a new agency and establishing its relationship with other Government agencies is enormously time consuming. When OTP was originally



established, it was contemplated that it would have a staff of 65 people. The present budget request would enable us to continue our orderly growth in the coming year until we have reached that original minimal level. I may add parenthetically that we do not anticipate ever growing much beyond that level. The Office was intentionally structured in such a way as to avoid the building of a new bureaucracy. Consequently it was located within the Executive Office of the President; technical support is provided by staff units in various Government departments. In particular, the Department of Commerce has the mission of supplying OTP with broad technical support and with administrative support in the frequency management process. I am pleased to report that we are now beginning to function effectively in the role that the President and the Congress set for us.

While in the process of building our organization, we have felt it important to press forward on a number of substantive issues. Some of these are still underway, but I might mention two completed projects of some importance. First was the establishment of an aeronautical satellite policy for the United States. It had been apparent for several years that the rapid increase in aircraft traffic on international routes and the limited capability of existing communications systems would soon require the use of satellite communications for aeronautical navigation over the Atlantic and Pacific Basins. There had nevertheless been extended delay in making the necessary arrangements, because of disagreement on technical matters among Federal agencies and within the private sector, and because of the absence of any single forum in which the Federal decision could ultimately be made. The National Aeronautics and Space Administration and the Federal Aviation Administration were about to proceed with overlapping and incompatible programs which could have wasted a substantial amount of money. One of the first accomplishments of the Office was the establishment of a Government policy for aeronautical satellite communications, arrived at after consultation with representatives of various Federal agencies, private airlines and foreign governments. It sets a time frame for development of the system and establishes the outlines of Government-industry cooperation and guidelines for international cooperation. This policy was announced last January. Since that time OTP has been following through to see that it is promptly implemented. This is an example of the type of policy which OTP will be developing -- not policy in the abstract but a specific definition of management relationships to hasten the conversion of new technology to benefit the public and to conserve public funds.

The second major project which has been substantially completed is coordination of United States preparation for the World Administrative Radio Conference on Space to be held in Geneva next month. The process of establishing detailed United States positions is a lengthy one, requiring consultation with industry, Federal agencies ranging from HEW to DOD and, of course, the Department of State. The decisions reached in these international negotiations will be submitted to the Senate for ratification as a treaty; they will affect the growth and development of space communications over the next decade. Our major positions have at this point been established. The briefings of



the Chairman to our delegation have been commenced, and we look forward to a successful session in Geneva.

I should also make mention of three policy proposals which will be announced in the near future. One is legislation for the long-term financing of the Corporation for Public Broadcasting and for the support of educational broadcasting in general. The second is an Executive Branch policy statement concerning the planning of satellite and cable facilities for transatlantic communications. And the third is an updating and amplification of the Executive Branch policy on domestic satellites which was originally announced before formation of this Office, a year ago January.

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I have thought it most important, at this first formal appearance before this Committee, to give you this overview of what the Office of Telecommunications Policy is and what it does. Needless to say, I have not made mention of everything we are engaged in, nor have I gone into much detail. I hope, nevertheless, it was enough to give you the general sense of what this Office is meant to do. I will now be happy to reply to any questions you may have concerning the Office and its budget proposal.



Mr. Chairman and Members of the Committee:

You have before you our Budget Estimates for Fiscal 1972. I do not intend in this brief presentation to repeat the specific items discussed in some detail in that document. Since, however, the Office of Telecommunications Policy is new to this Committee--since, in fact, we are rather new to everyone--I think it would be useful to discuss briefly what the Office is and what it does.

X

### I. HISTORY OF OTP

X

Electronic communications can at this point in our history no longer be considered a novelty. The first commercial telephone service in this country was initiated almost a century ago, the first commercial radio broadcasting a half-century. Congressional regulation of the field began as early as 1866, and the Federal Communications Commission has been in existence since 1934. Until 1970, however, there was no agency within the Executive Branch responsible for establishing executive policies in the communications field or for coordinating the communications activities of the Federal Government itself.

In recent years, it became increasingly apparent that such an agency was necessary. Communications had simply become too important a part of the national economy and of the Federal Government's own operations to be ~~ignored~~ by the executive branch. Between 1950 and 1969, the communications industry's contribution to national income increased by <sup>over 500</sup> 525 percent. That growth rate is almost double the rate for all industries during the same period, and even more in excess of the rate for certain other areas such as transportation and trade. (Show Chart #1)

In 1970, the industry's new investment in plant and equipment was approximately \$10 billion. This compares with approximately \$6 billion for transportation and \$3 billion for mining.



(Show Chart #2). Perhaps the best illustration of the need for executive branch concern with the communications field is a comparison of its contribution to national income with the contribution of other fields for which entire executive departments have been established. The areas of the economy overseen by the Department of Transportation contribute approximately 8 percent; by the Department of Agriculture 7 percent; and by the Department of the Interior 5 percent. Communications accounts for 4 percent. (Show Chart #3.)

All of these figures ~~merely~~ demonstrate the economic importance of the industry. They do not suggest its social importance, which is even greater. Nor do they indicate its extraordinary need for informed policy guidance. During the last two decades in particular, this need has increased enormously--principally because of the very factor which accounts for the industry's rapid growth during the same period. I refer to technological innovation. The era of discovery in the communications field is not drawing to an end; it is barely beginning. This chart (Show #4) shows the dates of entry into commercial use of principal innovations in the electronic communications field. You will note how many of them are crowded into recent years. It was only in 1956, for example, that one was first able to make a transatlantic telephone call via submarine cable; prior to that, the call was subject to the inconvenience and interruptions of shortwave radio transmission. Yet 10 years later, we were communicating across the Atlantic via satellite.

The importance and rapid development of the communications industry caused President Johnson to establish in August of 1967 a Task Force on Communications Policy, ~~under the Chairmanship of then Under Secretary of State, Eugene V. Rostow. The Final Report submitted by that Task~~ Force proposed as one of its major recommendations the establishment of a new entity within the executive branch--"a long-range planning, policy-formulating and coordinating, and mission-support capability which can serve to integrate the various roles in which the Executive Branch is presently engaged." ~~After considering the Rostow Report, and undertaking~~



studies of its own, the present Administration agreed. Accordingly, in ~~April~~ of last year it submitted to Congress Reorganization Plan No. 1 of 1970, authorizing establishment of the Office of Telecommunications Policy within the Executive Office of the President. The Office was finally established and its functions specified by Executive Order 11556, issued last September. I have with me copies of both the Reorganization Plan and the Executive Order, which I will be happy to distribute if you wish. It is fair to say that the Office of Telecommunications Policy was established with general support from the industry, the FCC and both parties in the Congress.

## II FUNCTIONS

Rather than discuss the dry details of the responsibilities assigned to OTP by the Reorganization Plan and Executive Order, I would like to give you some examples of matters which currently occupy our attention in the three major subject areas with which we deal.

### A. Government Communications:

We are responsible for establishing policies and procedures for the management of Federal Government's own communications systems. It has been estimated that the Government's investment in communications equipment is almost \$50 billion. The annual expenditure for operation of these systems is somewhere between \$5 and \$10 billion; the roughness of the estimate is one effect of the absence of any single agency such as ours responsible for coordination of government communications in the past. This area of government communications is not merely important in its own right, but because of its magnitude it has considerable impact upon the private sector.

Some of the major policy issues with which we are presently



concerned in the field of government communications are the following:

(1) National Warning System *+ Merit*

This is perhaps the issue with which you are most familiar, as a result of the recent failure of the Emergency Broadcast System to respond as it should. It is absolutely imperative that the nation have a warning system, available for use in the event of attack or natural disaster, in which the public can place absolute confidence. Recent events have certainly shaken that confidence - perhaps unjustifiably, since EBS is not really part of the warning system. Both systems must be subjected to an intensive review to assure not only their technical soundness but also their responsiveness to the varying needs of the Government.

(2) Relationship between AUTOVON and FTS:

The Federal Government maintains its own voice and record communication system, managed by the General Services Administration, known as the Federal Telecommunications System (FTS). In addition, the Department of Defense maintains a separate voice communication network (AUTOVON) and a separate record communications network (AUTODIN). Interconnection between FTS and AUTODIN has been achieved, but at the present time the Department of Defense voice system has no access to, and is not accessible from, the voice communications systems serving the rest of the Government. This situation is not only inconvenient but perhaps ~~erroneously~~ *enormously* wasteful. It obviously requires study and improvement.



(3) Spectrum Allocation Procedures:

Approximately half of the radio spectrum is now allocated to the Federal Government and used by its various agencies, for purposes ranging from communication between fire prevention personnel in national forests to missile guidance and radar. Allocation among the various uses is ultimately my responsibility, but of necessity I rely heavily upon the advice and assistance of the Interdepartment Radio Advisory Committee, <sup>which is</sup> ~~This is a group~~ composed of representatives of 17 Federal agencies, ~~which make extensive use of the spectrum.~~ As the demands on the spectrum for various public and private uses increase, the Committee system becomes an increasingly cumbersome and ineffective means of achieving the desired goals. New methods must be considered.

(4) Oversight of Federal Communications Expenditures:

Expenditures of the Federal Government for communications--including research and development in the field--are considerable. It has become at once increasingly important and increasingly difficult to avoid duplication and waste. An effective system of <sup>management</sup> oversight must be devised and implemented for this purpose.

B. Private Domestic Communications:

The United States has the largest communications industry in the world. Our per capita expenditure on communications services of all kinds exceeds the total per capita income of ~~such~~ <sup>many</sup> nations, ~~as Korea, Bolivia and Southern Rhodesia.~~ About 7% of our gross national product is devoted to communication, and nearly four percent to electronic communication--telephone



and broadcasting. Except for health services and education, electronic communication is the most rapidly growing sector of our economy. A few of the important issues in this field are the following:

(1) Specialized Carriers:

~~As a result of~~ <sup>electronic have made possible</sup> advances in technology, many point-to-point communications services ~~are available~~ <sup>that</sup> today beyond the old standards of telephone and telegraph. Microwaves relay systems can carry enormous amounts of information, including television signals, computer data and facsimile. A major policy question presented is whether the common-carrier monopoly now held by telephone companies should be extended to some or all of these new fields; or whether other companies should be allowed to compete for this ~~lucrative~~ business, even though they do not carry the burden of the less profitable telephone service. If competition is allowed, the question arises what pricing limitations should be imposed upon the monopoly-protected common carriers.

(2) ~~Spectrum Space for Land Mobile~~ <sup>CM</sup> Services:

There have been increasing pressures from various segments of the society for provision of point-to-point radio service to motor vehicles. ~~The car telephone can now technically and economically be provided to a large number of our citizens; but the major obstacle which stands in the way of this contribution to convenience and public safety is the unavailability of sufficient spectrum space allocated to that use.~~



Some urge that a portion of the spectrum now allocated to television broadcasting is really unnecessary for that purpose and should be reallocated for land mobile. A determination must be made as to the desirable priority for this communications service; and a further determination as to that portion of the spectrum which may be taken <sup>from</sup> ~~for~~ other uses to meet the priority.

(3) The Fairness Doctrine:

In exercise of its responsibility to insure that broadcasting meets the "public interest, convenience and necessity," the FCC has over the years developed what has come to be known as the "Fairness Doctrine." This ~~refers~~ to an increasingly detailed and complex set of rules and decisions intended to assure that broadcasters present fairly both sides of controversial issues of public importance and provide opportunity for response to personal attack. It is felt in some quarters that what was originally intended to spur public debate and increase public awareness has now come to have the opposite effect--as some broadcasters are hesitant to donate or even sell time for discussion of a public issue lest they be required to donate time for rebuttal. Several bills which have been introduced in Congress during this term <sup>g</sup> seek to make some modification of the fairness doctrine. It is apparent, however, that the subject is too complex and interwoven to be treated piecemeal. What is required is a study of the entire doctrine--including its applications to the political field, and the threat of content control which it represents.



(4) Protection of Private Rights in the Computer Society: <sup>Economy</sup>

<sup>Camp</sup>  
~~Electronic~~ communications have made feasible the accumulation of data banks which contain vast quantities of information concerning millions of our citizens. <sup>Electron has made possible</sup> This information may be used and furnished in various ways which profoundly affect ~~those~~ individuals' lives and careers--employment and credit references, for example. On occasion, the information may be inaccurate. Should the individual have some right, <sup>To ascertain order</sup> to learn and correct this? <sup>What</sup> Should any restrictions be imposed upon the extent to which such accumulated information may be ~~communicated~~ <sup>shared</sup> or made available to other persons? <sup>What rules proceed</sup> Should some privacy safeguards <sup>should</sup> be required?

<sup>OTA</sup> (5) ~~Cable Television and Its Relationship to Over-The-Air Broadcasting.~~ <sup>OTA television:</sup>

One of the new technologies, coaxial cable, permits the distribution of television signals by wire--and a much larger number of signals than is available <sup>with</sup> over the air <sup>absolutely</sup> in most areas. <sup>appears</sup> In the view of some informed persons, cable holds the <sup>potential</sup> promise of providing a new diversity, flexibility and quality in television programming. <sup>However, some feel</sup> According to others, it threatens to destroy broadcasting without providing any <sup>new ones or any</sup> substitute <sup>in for</sup> those rural areas that can not economically be wired. At the present time, some cable systems are permitted to import "distant signals" of broadcast stations many miles away, without making any payment for the use of such material, neither to the broadcasters nor to the copyright owners from whom the broadcasters have purchased performance rights. There is general agreement that this is wrong, but no consensus as to what

only to receive from phps remote location



the payment should be. The FCC has required cable systems above a certain size to originate programs. Some feel that the desirable policy should be the direct opposite of this -- that origination of programming should be positively forbidden so that there will <sup>not</sup> develop a <sup>very integral</sup> separation between program production and telecast distribution. Cities, counties, and states have all imposed varying degrees of regulation upon the new medium, some of which may conflict with Federal regulation, now or in the future. These and many other problems pertaining to cable <sup>will almost certainly require the action of the Congress</sup> remain to be resolved.

(6) Domestic Satellites:

American technology <sup>commercial</sup> launched the first <sup>for intl use</sup> international communications satellite in 1965. Six years have passed, <sup>and several proposals</sup> and still no domestic satellite is aloft. The problem has not been <sup>money or technology</sup> economic infeasibility, but simply governmental delay and indecision concerning <sup>how</sup> the type of domestic system ~~which~~ should be authorized. Should there be one company granted monopoly rights <sup>from the outset</sup> in this field, or should it be open <sup>at least initially</sup> to all entrants? Should telephone common carriers be permitted to enter the field? Should Comsat? What special requirements should be imposed <sup>or allowed for</sup> to assure ~~service~~ <sup>service</sup> to Alaska and Hawaii?

C. ~~Private~~ International Communications:

International communications traffic has historically grown at about 15% per year. <sup>The Amer public</sup> Total revenue of the ~~United States carriers~~ <sup>but year over</sup> now totals \$500 million <sup>per year</sup>; this is projected to grow to more than \$5 billion by 1980. The <sup>social</sup> importance of the field - notably, its contribution to world harmony and peace - <sup>is incalculable</sup>. The principal policy

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issues awaiting resolution in this field <sup>g</sup>include the following:

(1) Structure of the Industry:

At present, this country's international private communications are handled by several companies--most of the telephone traffic by AT&T, and most of the record traffic by ITT World Communications, RCA Global Communications and Western Union International. By decision of the FCC, AT&T divides its telephone traffic originating in this country evenly between its own submarine cables and satellite circuits leased from the ~~Communication Satellite Corporation, or COMSAT~~. COMSAT is a <sup>private</sup> ~~publicly held~~ corporation authorized by Federal statute whose Board includes Presidentially appointed directors, as well as representatives of the other international carriers. The complexity and <sup>conflicting interests</sup> ~~apparent irrationality~~ of this structure ~~of our international communications industry~~ may increase the cost of overseas messages; it certainly places the United States at a severe disadvantage in negotiating with other countries, each of which is usually represented by a single entity. There have been calls for a reexamination of this structure for many years; <sup>now very important</sup>

(2) Cable-Satellite Mix:

No landing of a communications cable may be made within this country, nor may any communications satellite be placed into service, without governmental approval, given or withheld by the FCC. If excessive capacity is authorized or if an unreliable or technologically outmoded system is authorized, the private and public consequences are serious.



There are at times sharp disputes concerning projected capacity, as well as concerning the relative merits of ~~currently feasible~~ cables and satellites. These must be resolved in the context of a particular cable or satellite application, but they raise fundamental questions of long-range planning on which the views of industry and several government agencies must be sought and coordinated.

(3) World Administrative Radio Conferences:

The radio spectrum is a resource which must be used cooperatively or it ~~will~~ not be used at all. The nations of the world have established <sup>#170</sup> as a mechanism for cooperation, periodic World Administrative Radio Conferences, at which the various portions of the radio spectrum are allocated to various non-interfering uses. Although the matters discussed at these conferences are highly technical, they have real and immediate political and social consequences. It is essential that the United States position in these conferences be well prepared <sup>are pr.</sup> after thorough consultation with industry and with the various government agencies concerned.

(4) INTELSAT.

INTELSAT is an international joint venture of operating communications entities which owns and operates the space segment of an international satellite communications system. It now has    satellites in operation, providing approximately        circuits in the Atlantic and Pacific Ocean basins. The enterprise is currently organized on the basis of Interim



Arrangements agreed upon in 1964, pursuant to which COMSAT is the operating manager for INTELSAT and has a considerable amount of control over its direction. Permanent Arrangements for the enterprise are being negotiated during the current year, and will have far-reaching effects upon the future development of international satellite communications. Our national interests are very much involved.

In all of the areas I have discussed above--and in particular the private domestic and international fields--it is not my intention to create the impression that OTP is the <sup>final</sup> ~~ultimate~~ policy maker. Communications policy <sup>in this country</sup> is ultimately made by the Congress, <sup>It is</sup> ~~and~~ applied on a day-to-day basis by Congress' representative, the FCC. As in other fields, however, the executive branch has an important role to play--by making <sup>known to the FCC & the Congress</sup> its considered views <sup>on the nation's</sup> ~~on long range~~ needs and ~~the implications of basic Congressional policy known to the FCC~~; by proposing legislation to the Congress where necessary; by providing a forum for the opinions of the public and industry; and by provoking national debate on issues of national consequence. ~~It is only~~ in the field of management of the Government's own communications systems, ~~that my Office functions as a terminal device~~; in the others, we are a conductor--a coordinator and go-between among the President, the Congress, the industry, the public, the FCC, the State Department, and the numerous other executive agencies which affect United States communications.



### III. ACCOMPLISHMENTS OF THE OFFICE

~~As I indicated earlier, the Office of Telecommunications Policy~~  
~~was formed last September. I have been its Director slightly more than~~  
~~six months.~~ The most important thing we have done in those six months  
is, frankly, to organize the office and form the nucleus of a staff equal  
to the complexity and importance of the policy problems I have just  
discussed. I am sure you are aware that the job of organizing and staffing  
is enormously time consuming. We have now assembled--professionals;  
we are building to an ultimate level of \_\_\_\_.

While in the process of staffing, we have pressed forward on several  
substantive fronts, and have completed two projects of some importance.  
First was the establishment of an aeronautical satellite policy for the  
United States. It has been apparent for several years that the rapid  
increase in aircraft traffic on international routes and the limited capability  
of existing communications systems will soon require the use of satellite  
communications for aeronautical navigation over the Atlantic and Pacific  
Basins. There has nevertheless been extended delay in making the  
necessary arrangements, because of disagreement on technical matters  
among Federal agencies and within the private sector, and because of the  
absence of any single forum in which the Federal decision could ultimately  
be made. One of the first accomplishments of my office was the establish-  
ment of a Government policy for aeronautical satellite communications,  
arrived at after consultation with representatives of various Federal  
agencies, private airlines and foreign governments. It sets a time frame  
for development of the system, establishes the outlines of Government-  
industry cooperation, and, ~~most important of all,~~ fixes the frequency  
band which will be used ~~by Government aircraft.~~ This policy was  
announced last January. Since that time OTP has been following through  
to see that it is promptly implemented. —



The second major project which has been substantially completed is coordination of United States preparation for the World Administrative Radio Conference on Space to be held in Geneva next month. The process of establishing detailed United States positions is a lengthy one, requiring consultation with industry, Federal agencies ranging from HEW to USIA and, of course, the Department of State. <sup>A</sup>Our major positions have at this point been established. The briefings of the Chairman to our delegation have been commenced, and we look forward to a successful session in Geneva.

~~There are many other projects which are still in shop, but~~ I may make mention of three which will be completed shortly. One is the preparation of legislation for the long-term financing of the Corporation for Public Broadcasting. The second is an executive branch policy statement concerning the cable-satellite mix for transatlantic communications. And the third is an updating and amplification of the executive branch policy on domestic satellites which was originally announced before formation of this Office, a year ago January.

I have thought it most important, at ~~this~~ <sup>my first</sup> formal appearance, to give you this overview of what the Office of Telecommunications Policy is and what it does. Needless to say, I have not made mention of everything we are engaged in, nor ~~with respect to the subjects I have raised~~, have I gone into much detail. I hope, nevertheless, it was enough to give you the general sense of what my Office is meant to do. I will now be happy to reply to any ~~specific~~ <sup>of office or</sup> question you may have concerning ~~the details of~~ our budget proposal.



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Mr. Chairman and Members of the Committee:

You have before you our Budget Estimates for Fiscal 1972. I do not intend in this brief presentation to repeat the specific items discussed in some detail in that document. Since, however, the Office of Telecommunications Policy is new to this Committee--since, in fact, we are rather new to everyone--I think it would be useful to discuss briefly what the Office is and what it does.

Essentially, OTP is meant to perform three functions: First, the Director of the Office is the President's principal adviser on all matters pertaining to electronic communications. Secondly, the Office enables the Executive Branch to speak with a clearer voice on communications matters, and to be a more responsible partner in policy discussions with industry, the FCC, the Congress, and the public. Third, the Office formulates new policies and coordinates operations for the Federal Government's own very extensive use of electronic communications.

#### I. HISTORY OF OTP

Electronic communications can at this point in our history no longer be considered a novelty. The first commercial telephone service in this country was initiated almost a century ago, the first commercial radio broadcasting a half-century. Congressional regulation of the field began as early as 1866, and the Federal Communications Commission has been in existence since 1934. Until 1970, however, there was no agency within the Executive Branch responsible for establishing executive policies in the communications field or for coordinating the communications activities of the Federal Government itself.

In recent years, it became increasingly apparent that such an agency was necessary. Communications had rapidly become such an important part of the national economy and of the Federal Government's own operations that it required continuing and coordinated attention on the part of the Executive Branch. During



the last twenty years, the communications industry's contribution to national income increased by over 500 percent. That growth rate is almost double the rate for all industries during the same period, and even more in excess of the rate for such important areas such as transportation and trade.

(Chart #1) Communications is, moreover, an industry which accounts for an increasing share of our national capital investment--\$10 billion of new investment in 1970, compared with approximately \$6 billion for transportation and \$3 billion for mining.

Such figures demonstrate the economic importance of the industry. They do not suggest its social importance. Communications is no longer just a technology; it is no longer just a service; it is a social force of the first magnitude, affecting what our children learn, how our election process operates, where our business and industry locate, what our people know and perhaps what they believe in. There is virtually no area of our life which it does not touch.

It is, moreover, a force which is constantly changing--and in changing, creating a continuous series of new and important policy problems and issues. This era of change is not coming to an end; it is barely beginning. A graphic representation of the dates of entry into commercial use of principal communications innovations will show most of them crowded into the last 25 years, with the rate of innovation accelerating. (Chart #3) It was only in 1956, for example, that we were first able to make transatlantic telephone calls by submarine cable; prior to that, the calls were subject to the inconvenience and interruptions of shortwave radio transmission. Yet <sup>less than</sup> ~~only~~ 10 years later, we were making transatlantic calls by satellite. <sup>↳ experimentally in 1962-63  
commercially in 1965</sup>

These considerations caused President Johnson to establish in August of 1967 a task force on communications policy. That group proposed as one of its major recommendations the establishment of a new entity within the Executive Branch--"a long-range planning, policy-formulating and coordinating, and mission-support capability which can serve to integrate the various roles in which the Executive Branch is presently engaged." When the present



Administration took office, it initiated extensive discussions on this subject among representatives of Government and industry, and carefully examined the various forms which such a new entity might take. Last year President Nixon submitted, and the Congress <sup>accepted</sup> [approved] Reorganization Plan No. 1 of 1970, pursuant to which last September the President issued Executive Order 11556, <sup>assigning specific functions to</sup> [establishing] the Office of Telecommunications Policy. 11

## II. FUNCTIONS

The specific responsibilities assigned to OTP are set forth in the Reorganization Plan and the Executive Order, copies of which I have with me and will be happy to distribute if you wish. <sup>I also submit copies of each for the record.</sup> You already have our Budget Estimates before you, which go into our specific programs in some detail. For the balance of this presentation I would like to give you some examples of the matters which currently occupy our attention in the three major subject areas with which we deal.

### A. Government Communications:

We are responsible for establishing policies and procedures for the management of <sup>the</sup> Federal Government's own communications systems. It has been estimated that the Government's investment in communications equipment is almost \$50 billion. The annual expenditure for operation of these systems is somewhere between \$5 and \$10 billion; the very <sup>imprecision</sup> [impression] of this estimate is testimony to the absence, before OTP, of any agency which could focus upon overall Government expenditures.

Some ~~[of the]~~ major policy issues ~~[with which we are presently concerned]~~ in the field of government communications are ~~the following:~~

#### (1) National Warning and Alert Systems:

It is imperative that the nation have a warning system, available for use in the event of attack or natural disaster, in which the public can place absolute confidence. The recent failure of the Emergency Broadcast System (EBS) has shaken that confidence, and has raised serious questions about our ability



to respond to major emergencies. This Office is now in the process of subjecting both EBS and our National Warning System to an intensive review to assure their reliability and responsiveness to varying needs.

(2) Oversight of Federal Communications Expenditures:

As the expenditures of the Federal Government for communications-- including research and development in the field--have grown to their current level, it has become <sup>both</sup> ~~at once~~ increasingly important and increasingly difficult to avoid duplication and waste. An example is the relationship between AUTOVON and FTS: The Federal Telecommunications System (FTS) is a voice and record communication system, managed by the General Services Administration and used by all Federal Government agencies. In addition, the Department of Defense maintains a separate voice communication network (AUTOVON) and a separate record communications network (AUTODIN). Interconnection between FTS and AUTODIN has been achieved, but at the present time the Department of Defense voice system has no access to, and is not accessible from, the voice communications systems serving the rest of the Government. This situation is not only inconvenient but perhaps enormously wasteful. This Office is working with the General Services Administration, the Department of Defense and the Office of Management and Budget to determine what improvements and economies can be achieved.

(3) Spectrum Allocation Procedures:

Approximately half of the radio frequency spectrum is now allocated <sup>?</sup> to the Federal Government and used by its various agencies, for purposes ranging from communication between fire prevention personnel in national forests to command and control of our strategic missile systems. Allocation among the various <sup>government</sup> uses and assignment among the various agencies is my responsibility; in carrying it out, I rely heavily upon the advice and assistance of the Interdepartment Radio Advisory Committee, which is composed of representatives of 17 Federal agencies that make extensive use of the spectrum.



As the demands on the spectrum for various public and private uses multiply, new methods of spectrum planning and management will be required. OTP is exploring such methods jointly with the FCC, which allocates the spectrum among <sup>non-governmental</sup> private users.

B. Private Domestic Communications:

The United States has the largest communications industry in the world. Our per capita expenditure on communications services of all kinds exceeds the total per capita income of many nations. Almost 5% of our gross national product is devoted to electronic communications; except for health services and education, it is the most rapidly growing sector of our economy. OTP is responsible for formulating and presenting to the public, the Congress, and the FCC, the Administration's position concerning the many policy issues in this field, which include the following:

(1) Specialized Carriers:

Advances in electronic technology have created the need for, and made possible, many new kinds of communications services in addition to the conventional telephone and telegraph. These provide economy and convenience for the consumer, and place at the disposal of the small company quantities of data and means of doing business which were once available only to the largest corporations. Microwave relay systems can carry enormous amounts of information, including television signals, computer data and facsimile. Such new systems present the nation with the policy question whether the common-carrier monopoly now held by telephone companies should be extended to some or all of these new fields; or whether other companies should be allowed to compete for this business, even though they do not carry the burden of the less profitable telephone service. If competition is to be allowed, we must decide what pricing limitations should be imposed upon the monopoly-protected common carriers.



(2) Mobile Communications Services:

Ours is a mobile society. As a result, our communications systems must become mobile as well. This is already a reality in the area of broadcast communications--the car radio, the pocket radio, and the TV set small enough to take to the beach. There are enormously increasing demands for a similar flexibility in our person-to-person communications--personal paging devices for the doctor, radio-dispatched vehicles for the small businessman, and car telephones for everyone. Mobility, however, precludes the wire; all of these new services must be provided by radio. A most pressing issue at the present time is how space is to be found for mobile person-to-person communications on an already crowded radio frequency spectrum.

(3) The Fairness Doctrine:

In exercise of its responsibility to insure that broadcasting meets the "public interest, convenience and necessity," the FCC has over the years developed what has come to be known as the "Fairness Doctrine." This refers to what is becoming an increasingly detailed and confusing set of rules and decisions, intended to assure that broadcasters present fairly both sides of controversial issues of public importance and provide opportunity for response to personal attack. There is concern that what was originally intended to spur public debate and increase public awareness has now come to have the opposite effect, since the risk of violating the Fairness Doctrine can be minimized by minimizing discussions of public issues. The time has come for an overall reassessment of the doctrine and its effects--including its application to the political field, and the threat of content control which it represents.

(4) Protection of Private Rights in the Computer Culture:

Computers enable the accumulation of data banks which contain vast quantities of information concerning millions of our citizens. Electronic communications make this information readily accessible to people in remote locations. The way in which it is assembled, used, and distributed may profoundly affect lives and careers. On occasion, the assembled information



may be inaccurate. Should the individual have some right to learn and correct this? What restrictions should be imposed upon the communication of such accumulated information to other persons? What procedural and privacy safeguards should be required?

(5) Cable TV and Over-The-Air Broadcasting:

One of the new technologies, coaxial cable, permits the distribution of television signals by wire--and a much larger number of signals than is available with over-the-air broadcasting. Cable seems to have the potential of providing a new diversity, flexibility and quality in television programming. Some feel, however, that it threatens to destroy our present system of over-the-air broadcasting without providing a satisfactory substitute. At the present time, some cable systems are permitted to import "distant signals" of broadcast stations many miles away, without making any payment for the use of such material, neither to the broadcasters nor to the copyright owners from whom the broadcasters have purchased performance rights. There is general agreement that this is wrong, but no consensus as to what the payment should be. The FCC has required cable systems above a certain size to originate programs. Some feel that the desirable policy should be the direct opposite of this--that origination of programming should be positively forbidden so that there will not develop a common control of program production and telecast distribution. Cities, counties, and states have all imposed varying degrees of regulation upon the new medium, some of which may conflict with Federal regulation, now or in the future. These and many other problems pertaining to cable do not fit existing regulatory molds, and almost certainly will require new legislation.

(6) Domestic Satellites:

American technology launched the first commercial communications satellite for international use in 1965. Six years have passed, and even though American private industry has been willing and able, the American public still



*within the contiguous 48 states.*

does not have the benefit of even a single satellite for ~~national~~ communications.

The problem has not been money or technology, but simply governmental delay and indecision concerning how domestic systems should be authorized.

Should there be one company granted monopoly rights from the outset, or should the field be open, at least initially, to all entrants? Should telephone

common carriers be permitted to enter the field? Should Comsat? What

special requirements should be imposed, or special privileges granted, to

assure service to Alaska and Hawaii?

*Already  
in  
being*

*what about Puerto Rico?*

C. International Communications:

International communications traffic has historically grown at an annual rate of about 15%. Americans now spend more than \$530 million a year for this purpose and are expected to be spending more than \$5 billion by 1980.

International communications are not only important for the conduct of overseas business; in the open world which we seek, they are determinative of the way in which nations view one another. It is now possible to call a friend in London by simply dialing his number. Last week, a world championship boxing match taking place in Monte Carlo, / was watched by United States sports enthusiasts on network television. In an era when so many new technologies facilitate war, creative development of the new technologies of communications is our best chance for peace. Such development requires the resolution of many policy issues, on which OTP will be developing Administration proposals and working closely with the Congress.

(1) Structure of the Industry:

At present, this country's international private communications are handled by several companies--most of the telephone traffic by AT&T, and most of the record traffic by ITT World Communications, RCA Global Communications and Western Union International. By decision of the FCC, AT&T divides its telephone traffic originating in this country evenly between ~~its own~~ submarine cables and satellite circuits leased from the Communication

*↑  
in which it has substantial investment,*



Satellite Corporation, or Comsat. Comsat is a private corporation authorized by Federal statute whose Board includes Presidentially appointed directors, as well as representatives of ~~the~~<sup>US</sup> other international carriers. The complexity and conflicting incentives built into this industry structure may increase the cost to the public of overseas messages; they certainly place the United States at a severe disadvantage in negotiating with other countries, each of which is usually represented by a single entity. There have been questions raised about this structure for many years; with the tenfold increase in traffic projected by 1980, the Congress and others have been calling for action.

(2) The Balance between Satellites and Submarine Cable

No landing of a communications cable may be made within this country, nor may any communications satellite be placed into service, without governmental approval, given or withheld by the FCC. If excessive capacity is authorized or if an unreliable or technologically outmoded system is authorized, the private and public consequences are serious. There are at times sharp disputes concerning projected capacity, as well as the relative merits of cables and satellites. These must be resolved in the context of a particular cable or satellite application, but they raise fundamental questions of long-range planning on which the views of industry and several government agencies must be sought and coordinated.

(3) International Negotiations:

International communication requires international agreement. Two-way systems need governmental approvals at both ends--for cable landings or satellite earth stations, for rate structures, for connection into the national communications networks. Even one-way broadcasting requires international agreement, since interfering spectrum uses must be avoided. The first permanent forum for such international arrangements was the International Telegraph Union, established in 1865. Its successor is the International Telecommunications Union, established by the Madrid Conference of 1932 and recast into its present form by the Atlantic City Conference of 1947. This



organization holds Plenipotentiary Conferences at approximately 5-year intervals, and sponsors much more frequent Administrative Conferences to revise the International Radio Regulations and the International Telephone and Telegraph Regulations. In addition to ITU proceedings, there are frequent special negotiations with one or more foreign nations--such as those ~~soon to be held in Geneva~~ *now in progress in Washington* among the members of the International Telecommunications Satellite Consortium (INTELSAT). Such negotiations can have significant commercial, social and political consequences for the United States. OTP is responsible for providing policy guidance to the Department of State.

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In all of the areas I have discussed above--and in particular the private domestic and international fields--it is not my intention to create the impression that OTP is the final policy maker. Communications policy in this country is ultimately made by the Congress. It is interpreted and applied by the FCC, in the exercise of its regulatory responsibilities under the Communications Act of 1934. As in other fields, however, the Executive Branch has an important role to play--by making known to Congress and the FCC its considered views on communications policy matters and their relationship to the broad scope of national concerns; by proposing legislation to the Congress where necessary; by providing a forum for the opinions of the public and industry; and by stimulating national discussion on issues of national consequence. In the field of management of the Government's own communications systems my Office does exercise dispositive authority, though even there we feel strongly that our principal role should be to coordinate rather than control. In the field of non-Government communications, on the other hand, we are merely a partner in the policy-making process, dealing in behalf of the Executive Branch with the Congress, the public, the industry and the FCC.

(Chart #4)



### III. ACCOMPLISHMENTS OF THE OFFICE

The most important thing we have done in our first six months is, frankly, to organize the office and form the nucleus of a staff capable of dealing with the kinds of policy problems I have just discussed. I am sure you are aware that the job of building a new permanent agency and establishing its relationship with other Government agencies is enormously time consuming. I am pleased to report that we are now functioning effectively in the role that the President and the Congress set for us. Our total personnel now numbers (35), which ? 45-50 gives us the capacity to deal with a few of the most pressing policy issues. We have established the base which will permit us to grow in an orderly manner in the next fiscal year to the level set forth in our budget estimates.

Although I feel very keenly the fact that we do not have enough people on board at the present time to handle all of the matters which need attention, I am confident that we will reach that necessary level shortly, and that personnel requirements not significantly in excess of those projected for 1972 will suffice for the long run. The Office was intentionally structured in such a way as to avoid the building of a new bureaucracy. This was achieved partly by locating it within the Executive Office and partly by providing for technical support from staff units in various Government departments. In particular, the Department of Commerce has the mission of supplying OTP with broad technical support and also administrative support in the frequency management process. *We also enjoy valuable staff detail assistance of specialists in the communications field from the Department of Defense.*

While in the process of building our organization, we have felt it important to press forward on a number of substantive issues. Some of these are still underway, but I might mention two completed projects of some importance. First was the establishment of an aeronautical satellite policy for the United States. It had been apparent for several years that the rapid increase in aircraft traffic on international routes and the limited capability of existing communications systems would soon require the use of satellite communications



for aeronautical navigation over the Atlantic and Pacific Basins. There had nevertheless been extended delay in making the necessary arrangements, because of disagreement on technical matters among Federal agencies and within the private sector, and because of the absence of any single forum in which the Federal decision could ultimately be made. The National Aeronautics and Space Administration and the Federal Aviation Administration were about to proceed with overlapping programs which could have wasted a substantial amount of funds. One of the first accomplishments of my office was the establishment of a Government policy for aeronautical satellite communications, arrived at after consultation with representatives of various Federal agencies, private airlines and foreign governments. It sets a time frame for development of the system, establishes the outlines of Government-industry cooperation, and fixes the frequency band which will be used. This policy was announced last January. Since that time OTP has been following through to see that it is promptly implemented. This is an example of the type of policy which OTP will be developing--not policy in the abstract, but a specific definition of management relationships to hasten the conversion of new technology into public benefit and to conserve public funds.

The second major project which has been substantially completed is coordination of United States preparation for the World Administrative Radio Conference on Space to be held in Geneva next month. The process of establishing detailed United States positions is a lengthy one, requiring consultation with industry, Federal agencies ranging from HEW to DoD and, of course, the Department of State. The decisions made in these negotiations will be submitted to the Senate for ratification as a treaty; they will affect the growth and development of space communications over the next decade. Our major positions have at this point been established. The briefings of the Chairman <sup>designate of</sup> our delegation have been commenced, and we look forward to a successful session in Geneva.



I should also make mention of three policy proposals which will be announced in the near future. One is legislation for the long-term financing of the Corporation for Public Broadcasting and for the support of educational broadcasting in general. The second is an Executive Branch policy statement concerning the desirable proportions of satellite and cable facilities for transatlantic communications. And the third is an updating and amplification of the Executive Branch policy on domestic satellites which was originally announced before formation of this Office, a year ago January.

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I have thought it most important, at this first formal appearance before this Committee, to give you this overview of what the Office of Telecommunications Policy is and what it does. ~~Needless to say,~~ I have not made mention of everything we are engaged in, nor have I gone into much detail. I hope, nevertheless, it was enough to give you the general sense of what <sup>this</sup> ~~my~~ Office is meant to do. I will now be happy to reply to any questions you may have concerning the Office and its budget proposal.

*M. J. MacDonald* House Sub. on  
Communications;  
Feb 3, 1973

Mr. Chairman, Members of the Subcommittee, I welcome the opportunity to appear before you today to discuss the pending public broadcast funding bills, H.R. 7443, H.R. 11807, H.R. 12808, and the Administration's plan for increased financing of public broadcasting in Fiscal 1973.

Mr. Chairman, I realize that you have been critical of us for not coming forth with a long-range financing plan for public broadcasting. I regret the delay. I have wrestled with this problem for almost a year. Others have tried for years. I need not tell this Subcommittee that it is an exceedingly complex and difficult problem, one that involves basic assumptions about the role and structure of the public broadcasting system in our country, and how Government should interact with that system. We expect to solve this problem before the end of Fiscal 1973. With due deference, I do not believe that the Bills under consideration solve it. In order to comment specifically on the Bills, let me discuss briefly the background of our efforts over the past year.

#### BACKGROUND

Last year, the President's budget message stated that an improved financing plan would be devised for the Corporation for Public Broadcasting (CPB). My Office worked closely with representatives of CPB, the National Association of Educational Broadcasters (NAEB), HEW, the FCC, and other interested groups. But we were not able to develop an acceptable long-range



financing bill. One of the principal issues concerned the method for CPB distribution of operating funds to local educational broadcast stations, and whether the method should be specified in the statute. We feel strongly that a distribution formula should be set out in the statute, to assure that the local entities would have the financial strength to counterbalance the growing dominance of CPB and its network arm--the Public Broadcasting Service.

Indeed, the Carnegie Commission felt so strongly about the need to disburse operating funds free of the Corporation's discretion, that it recommended an approach that would have had HEW distribute all operating grant funds to the stations. As Dr. Killian stated in his testimony on the 1967 Act, the principal reason for this separation of funding responsibilities was a fear that, if the stations had to look to the Corporation for their "daily operational requirement," it would lead "naturally, inevitably, to unwise, unwarranted and unnecessary centralization of educational broadcasting." However, the Congress provided for operating funds to come from CPB, and operating support was to have been one of CPB's principal responsibilities. Unfortunately, CPB has never devoted enough funds to this purpose.

#11.7M  
12.3%

By October it was clear that we were not making any progress toward an acceptable financing plan, and I wanted

to explain the situation to the educational radio and TV stations, many of whom are in severe financial difficulty. I did so at the annual NAEB Convention. The particular financing controversy was only illustrative of the underlying issues concerning the shape the Congress wanted public broadcasting to take, and I focused on these fundamental issues.

Reduced to their essentials, my concerns are that:

1. The independence of the local stations has suffered, because CPB has not devoted sufficient funds to station support grants and grants for purely local program production.
2. Local station autonomy has been undercut by the CPB and PBS use of interconnection facilities to establish a fixed-schedule, real-time network, contrary to the intent of the 1967 Act.
3. Program diversity has not been enhanced, since national programs are produced or acquired in effect by CPB's "in-house" production entities, which are also local broadcast stations. Moreover, the national programming seeks a mass audience for news, public affairs, and entertainment programs.
4. Not enough attention is devoted to achieving two important balances: the balance between local and



national programming, and the broad balance among cultural, entertainment, news, public affairs, educational and instructional programs.

H.R. 7443 and H.R. 11807

With this as background, let me turn to the specifics of H.R. 11807 and H.R. 7443. First, as to both, the level of funding is too high. When all of the other demands on the Federal budget are considered, it is unfortunately not possible to devote a total over five years of \$500 million (H.R. 7443) or \$575 million (H.R. 11807) to public broadcasting. Moreover, H.R. 7443 provides all of these funds to CPB, without specifically requiring any distributions for station support. H.R. 11807 is better, since it requires CPB to earmark at least 30 percent of its funds for this purpose, but here too the amount and nature of the distributions to particular licensees are left to CPB's discretion, albeit a discretion that must be exercised in consultation with public broadcasting representatives. First, we think that a more substantial share of CPB's funds should be passed on to the local stations. When CPB funding gets as high as \$65 million, as it would in the first year of funding under this bill, at least half should go to the stations. Thereafter, an even greater proportion of CPB funds should be distributed to the stations.

Second, H.R. 11807 does not specify the criteria and methods of distributing operating funds to the stations. We prefer to see a matching formula set out in the statute, as it is in the facilities grant portion of the Communications Act. This would give the stations the incentive to generate financial support at the local level. The stations would know that Federal matching funds would come directly to them instead of being disbursed from a Treasury fund to CPB. ~~There's no immediacy to it when CPB then has to set aside a fraction of the match and distribute it to all licensees pursuant to industry wide criteria.~~ The stations are likely to be more enthusiastic about local fund raising when there is an immediate prospect of a direct match. Finally, it would heighten the local stations' sense of autonomy and independence if they had available a stable source of funds of a known quantity, as a matter of statutory right, ~~and not CPB discretion.~~

75 Fed  
25 Cont.

Furthermore, H.R. 7443 would not allow CPB to foster the use of new communications technologies, such as video-cassettes, broadband cable, and communications satellites. H.R. 11807 is preferable in that it authorizes CPB to encourage educational and instructional uses of these technologies.



H.R. 12808

Turning now to H.R. 12808, we have not yet assessed the full import of some of the modifications this Bill would make in the present Act. However, the Bill addresses some very real issues, such as the restoration of balance between the local stations and CPB. The Bill would take the interconnection and station support functions away from CPB, and have HEW support the operating costs of the stations. The stations could then make their own interconnection arrangements. Indeed, a number of educational broadcasters are considering the feasibility of just such an arrangement. Some other features such as station representation on the CPB Board of Directors; prohibitions on promotional and lobbying activities; as well as <sup>prohibitions on</sup> funding of programs on partisan political controversies; are worthy of consideration. Other features of the Bill, such as the limitation on funding from a single source and the mandatory GAO audit, may be too restrictive. In any event, the cumulative effect of all these features might be to erode the functions that are both necessarily and properly performed at the national level by CPB.

ADMINISTRATION PROPOSAL

In addition to the specifics of the pending long-range financing Bills which I have discussed, as a general matter, we do not believe that a long-range financing plan should be pressed at the present time. This is not to say, however, that the difficulty in devising such a funding approach should stand in the way

of continuing the sound development of public broadcasting at a time when its responsibilities are many, but its resources are spread thin. Therefore, the Administration's Bill provides for a oneyear extension of CPB's authorization at an increased funding level, and directs operating support grants to the local stations. The reasons we have not submitted a long-range financing plan are neither complex nor devious. One reason the Congress chose to defer long-range financing in 1967, was that CPB was an unknown quantity. It would have to go through a development phase before its structure would be sufficiently set to warrant such a financing plan. ~~Today that development process is continuing.~~ The relationships between the central organizations and the local stations are still relatively unclear. Indeed, the CPB Board has just authorized a study to define these relationships, <sup>better.</sup> Until these matters are clarified and the directions are better defined, we believe that it would be more sound for the Congress not to rush forward with a long-range plan during this Session.

The 1967 Act needs substantial refinement to provide a stable source of financing, to define clearly and carefully the respective roles of CPB and the local stations, and to take account of technological changes that have occurred since 1967. While these revisions are under consideration, our one-year extension Bill would allow the growth of the public broadcast system to proceed soundly, during the critical development stages it is now in. Continuing the Administration's



record of increasing funds for public broadcasting ~~(the ~~Record~~~~)  
appropriations will have increased <sup>from \$5M to</sup> ~~by~~ \$45 million from Fiscal  
~~1969 to Fiscal 1973~~ <sup>during this Administration)</sup> the present Bill adds \$10 million to  
CPB's current level of funding, for a total of \$45 million,  
of which \$5 million must be matched by funds derived elsewhere.

In addition to the extension and increase in authorization  
for CPB, our Bill would provide a significant portion of  
Federal funds to local educational broadcast stations. CPB  
currently distributes over \$5 million in general support grants  
to the stations. Our Bill would add \$10 million for Fiscal  
1973 and establish a mechanism for distributing a total of  
\$15 million to the local stations; so that they will be  
effective partners with the Corporation in the development of  
educational broadcasting services for their communities.

The Bill provides for \$2 million to be distributed to  
public radio stations ~~f~~-almost doubling the general support  
funds which the Corporation now provides them. Because of the  
large number and enormously diverse nature of public radio  
operations, the manner of distribution of these radio funds  
is left to the discretion of the Corporation, to be exercised  
in consultation with station representatives. The proportion  
of the \$15 million devoted to radio represents the approximate  
share of total non-Federal public broadcasting support which  
goes to radio.

The statutory mechanism would also make available \$13 million to approximately 140 licensees of public television stations. Two types of grants would be used for this purpose. First, there would be a minimum support grant of \$50,000 or one-quarter the licensee's total non-Federal, non-CPB supported Fiscal 1971 budget, whichever is less. Second, the licensee would be entitled to a supplemental grant based on the proportionate amount which his Fiscal 1971 operating budget, exclusive of Federal and Corporation grants, bore to all licensees' operating budgets during Fiscal 1971. There would, however, be an upper limit on the amount of the supplemental grant, since no licensee's operating budget would be considered to exceed \$2 million for grant purposes.

We anticipate that, taking both types of grants into account, and with a total non-Federal Fiscal 1971 budget of over \$117 million for all licensees, ~~the minimum distribution~~ ~~in the typical situation would be around \$50,000 and the~~ ~~maximum would be approximately \$180,000. Station support~~ ~~at this level of funding would give the licensee some breathing~~ ~~time to work with all of us in devising a more long-range~~ ~~financing plan.~~

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#### CONCLUSION

Mr. Chairman, I have endeavored to summarize the Administration's position on public broadcast funding. I hope that I have given you some idea of the problems that concern us,



and why we believe it is better for now to seek increased funding for another year. We will continue to work constructively and earnestly next year with educational broadcasters to resolve some of the issues that your hearings have aired.

The Congress in the 1967 Act attempted to give practical effect to the Carnegie Commission's eloquent plea for freedom in the public broadcasting system, excellence in its programming, and diversity within that excellence. Despite the arguments of some that diversity and decentralization are impractical and unworkable, or at least not the best way to enhance the national impact of public broadcasting, the Administration is not yet ready to abandon the Congress' grand design. CPB has made major strides in the relatively short time since it was created. The programs it has supported show that it has a great potential in helping the educational broadcast licensees meet their public interest obligations. There should be no doubt on this point. I have focused ~~my~~ <sup>at</sup> attention on ~~problems~~ with the public broadcast system because there are problems. But there are also accomplishments and successes that would have been beyond the capacity of educational broadcasting, if there had been no CPB.

CPB is still going through that extraordinarily difficult process of self-examination and self-definition. Whether this maturation process evolves an entity that can live up to the

potential envisioned for it depends to some extent on determinations reached by Government. We are continuing to play our role in a way that we feel best serves CPB, the local stations, and the public. We agree with the view, expressed strongly during these hearings, that there must be a workable long-range financing plan, as contemplated by the Public Broadcasting Act of 1967, and the Administration intends to submit one before the proposed extension of authorization expires.



# Cover sheet

Statement by

Clay T. Whitehead,  
Director

O — T — P —

before the

Subcommittee on Treasury, Post Office and

General Government  
The Honorable Tom Steed, Chairman  
Appropriations Committee  
U.S. House of Representatives

May 13, 1971

Witness List

O \_\_\_\_\_ T \_\_\_\_\_ P \_\_\_\_\_

1. Clay T. Whitehead, Director
2. George S. Mansam, Deputy Director
3. Will Dean, Assistant Dir \_\_\_\_\_
4. \_\_\_\_\_ Finchman, Assist Dir  
Jesse, Assist 1.  
Scalia, B. \_\_\_\_\_



(INSERT A)

I appreciate this opportunity to appear before you to review the Budget Estimates of the Office of Telecommunications Policy.

For fiscal year 1972 we are requesting total appropriations of \$2,702,000. An appropriation of \$1,702,000 is requested for salaries and associated expenses; this will enable us to grow at a uniform rate over the fiscal year to a level of 65 full-time positions. An appropriation of \$1,000,000 is requested for necessary studies that can be carried out more economically by contract or require highly specialized expertise. ~~In fiscal year 1971 we have utilized funds originally appropriated to the Office of Emergency Preparedness (Office of Telecommunications Management) which were transferred after the Office of Telecommunications Policy was established.~~ Our budget estimates for fiscal year 1972 are based on the requirements foreseen at the time the Office of Telecommunications Policy was established, as modified by our first few months of actual operation.

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Presidents Truman/ Eisenhower conducted studies of this accelerating trend and the need for improved executive organization. President Kennedy ordered a limited reorganization for emergency communications in 1963.

page 2  
Conclusion

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(A)

OFFICE OF TELECOMMUNICATIONS POLICY  
WASHINGTON

I appreciate this opportunity to appear before you ~~to discuss~~ to review the Budget Estimates of the Office of Tele Policy.

For fiscal year 1972 we are requesting total appropriations of \$2,702,000. ~~and~~  
~~a total of~~ An appropriation of \$1,702,000 is requested for salaries & associated expenses; this will enable us to grow at a uniform rate over the fiscal year to ~~reach~~ a level of 65 full-time positions. An appropriation of \$1,000,000 is requested for ~~contract support on specialized problems~~ necessary studies that can be carried out more economically by contract or require highly specialized expertise. In fiscal year 1971 we have utilized funds, <sup>originally</sup> appropriated to the Office of Emergency Prep (Office of Tele Mgt) which were transferred after the OTP was established. Our budget estimates for fiscal year 1972 are based on the ~~same~~ requirements foreseen at the time ~~of~~ the OTP was established, as modified by our first few months of actual operation.



OFFICE OF TELECOMMUNICATIONS POLICY  
WASHINGTON

Presidents Truman & Eisenhower ~~at the~~  
conducted studies of this accelerating trend  
& the need for improved executive organization.  
President Kennedy ordered a limited reorganization  
for emergency communications in 1963.

Mr. Chairman and Members of the Committee:

You have before you our <sup>(Insert A)</sup> Budget Estimates for Fiscal 1972. ~~I do not~~  
~~intend in this brief presentation to repeat the specific items discussed in~~  
~~some detail in that document.~~ Since, ~~however,~~ the Office of Telecommuni-  
 cations Policy is new to this Committee--since, in fact, we are rather new  
 to everyone--I think it would be useful <sup>in this presentation</sup> to discuss briefly what the Office is  
 and what it does.

Essentially, <sup>it is the responsibility of the Office of Telecommunications Policy</sup> ~~OTP is meant to perform three functions:~~ First, the  
<sup>to develop overall communications policy.</sup> Director of the Office is the President's principal adviser on ~~all matters~~  
<sup>policy</sup> ~~pertaining to~~ electronic communications. Secondly, the Office enables the  
 Executive Branch to speak with a clearer voice on communications matters,  
 and to be a more responsible partner in policy discussions with <sup>Congress,</sup> ~~industry,~~ the  
 FCC, the <sup>industry</sup> ~~Congress,~~ and the public. Third, the Office formulates new policies  
 and coordinates operations for the Federal Government's own very extensive  
 use of electronic communications.

# I. HISTORY OF OTP

Electronic communications ~~can~~ <sup>can</sup> at this point in our history, no longer be  
 considered a novelty. The first commercial telephone service in this country  
 was initiated almost a century ago, the first commercial radio broadcasting  
 a half-century <sup>ago.</sup> Congressional regulation of the field began as early as 1866,  
 and the Federal Communications Commission has been in existence since 1934.  
 Until 1970, however, there was no agency within the Executive Branch respon-  
 sible for establishing executive policies in the communications field or for  
 coordinating the communications activities of the Federal Government itself.

<sup>Over</sup> In recent years, <sup>the need for</sup> ~~it~~ became increasingly apparent that such an agency was  
~~necessary.~~ Communications has rapidly become such an important part of the  
 national economy and of the Federal Government's own operations that it requires  
 continuing and coordinated attention on the part of the Executive Branch. During



the last twenty years, the communications industry's contribution to national income increased by over 500 percent. That growth ~~rate~~ <sup>industry share of the economy as a whole</sup> is almost double the rate for ~~all industries~~ <sup>the rate for all industries</sup> during the same period, and even more in excess of the rate for such important areas such as transportation and trade.

(Chart #1) Communications is, moreover, an industry which ~~accounts for an~~ <sup>requires a</sup> ~~increasing~~ <sup>constantly</sup> share of our national capital investment--\$10 billion of new investment in 1970, compared with approximately \$6 billion for transportation and \$3 billion for mining. (Chart #2)

Such figures demonstrate the economic importance of the industry. They do not suggest its social importance. Communications is no longer just a technology; it is no longer just a service; it is a social force of the first magnitude, affecting what our children learn, how our ~~election~~ <sup>political</sup> process ~~operates~~ <sup>operates</sup>, where our business and industry locate, what our people know and perhaps what they believe in. There is virtually no area of our life which it does not touch.

It is, moreover, a force which is constantly changing, and in changing, ~~creating~~ <sup>creating</sup> a ~~continuous~~ <sup>continuous</sup> series of new and important policy problems and issues. This era of change is not coming to an end; it ~~is~~ <sup>seems to be</sup> barely beginning. A graphic representation of the dates ~~of entry into commercial use~~ <sup>that</sup> of principal communications innovations ~~will show most of them crowded into the last 25 years~~ <sup>first entered into commercial use</sup> (Chart #3) ~~with~~ the rate of innovation <sup>is</sup> accelerating. (Chart #3) It was only in 1956, for example, that we were first able to make transatlantic telephone calls by submarine cable; prior to that, the calls were subject to the ~~inconvenience and interruption~~ <sup>poor quality</sup> of shortwave radio transmission. Yet ~~only~~ <sup>less than</sup> 10 years later, we were making transatlantic calls by satellite.

Insert B → ~~These considerations caused~~ President Johnson to ~~establish~~ <sup>ed</sup> in August of 1964 a task force on communications policy. That ~~group~~ <sup>group</sup> proposed, as one of its major recommendations, the establishment of a new entity within the Executive Branch--"a long-range planning, policy-formulating and coordinating, and mission-support capability which can serve to integrate the various roles in which the Executive Branch is presently engaged." When the present



Administration took office, it initiated extensive discussions on this subject among representatives of Government and industry, and carefully examined

*the merits of alternative reorganization forms.*  
the ~~various forms~~ which such a new entity might take. Last year President

Nixon submitted, and the Congress approved, Reorganization Plan No. 1 of 1970, ~~pursuant to which last September the President issued Executive~~

~~Order 11556~~, establishing the Office of Telecommunications Policy. *The functions of the Office were further specified in Executive Order 11556.*

## II. FUNCTIONS

The specific responsibilities assigned to OTP are set forth in the Reorganization Plan and the Executive Order, copies of which I ~~have with me~~ *submit for the record* and will be happy to distribute if you wish. You already have our Budget Estimates before you, which go into our specific programs in some detail. For the balance of this presentation I would like to give you some examples of the matters which currently occupy our attention in the three major subject areas with which we deal.

### A. Government Communications:

We are responsible for establishing policies and procedures for the management of Federal Government's own communications systems. It has been estimated that the Government's investment in communications equipment is almost \$50 billion. The annual expenditure for ~~operation~~ of these systems is somewhere between \$5 and \$10 billion; the ~~very~~ *imprecision* of this estimate is testimony to the absence, before OTP, of any agency which could focus upon overall Government expenditures.

Some of the major policy issues with which we are presently concerned in the field of government communications are the following:

#### (1) National Warning and Alert Systems:

It is imperative that the nation have a warning system, available for use in the event of attack or natural disaster, in which the public can ~~place~~ *have* absolute confidence. The recent failure of the Emergency Broadcast System (EBS) has shaken that confidence, and has raised serious questions about our ability

*Federal communications needs & systems serve a variety of purposes, [C prompt 4]*



to respond to major emergencies. This Office is now in the process of subjecting both EBS and our National Warning System to an intensive review to assure their reliability and responsiveness to varying needs.

(2) Oversight of Federal Communications Expenditures:

As the expenditures of the Federal Government for communications-- including research and development in the field--have grown to their current level, it has become <sup>back</sup> ~~at once~~ increasingly important and increasingly difficult to avoid duplication and waste. An example is the relationship between AUTOVON and FTS: The Federal Telecommunications System (FTS) is a voice and <sup>data</sup> ~~record~~ communication system, managed by the General Services Administration and used by all Federal Government agencies. In addition, the Department of Defense maintains a separate voice communication network (AUTOVON) and a separate <sup>data</sup> ~~record~~ communications network (AUTODIN). Interconnection between FTS and AUTODIN has been achieved, but at the present time the Department of Defense voice system has no access to, and is not accessible from, the voice communications systems serving the rest of the Government. This situation is not only inconvenient but perhaps <sup>very costly.</sup> ~~enormously wasteful.~~ This Office, ~~is~~ working with the General Services Administration, the Department of Defense and the Office of Management and Budget <sup>has undertaken</sup> to determine what improvements and economies can be achieved.

(3) Spectrum Allocation Procedures:

Approximately half of the radio frequency spectrum is now allocated to the Federal Government and used by <sup>the Federal Government</sup> ~~its~~ various agencies for purposes ranging from <sup>telephone service</sup> communication between fire prevention personnel in national forests to command and control of our strategic missile systems. ~~Allocation~~ among ~~the various uses and assignment among the various agencies is my~~ <sup>Federal Government</sup> ~~responsibility, in carrying it out.~~ <sup>(D) ~~that responsibility~~</sup> I rely heavily upon the advice and assistance of the Interdepartment Radio Advisory Committee, ~~which is~~ composed of representatives of 17 Federal agencies that make extensive use of the spectrum.

(D) I am responsible for the appropriate allocation of this federal government use of the spectrum, and in carrying out that responsibility



The spectrum is a limited -- and therefore valuable -- resource. Highly complex and very difficult decisions must be made about who will be allowed to use what frequencies, for what purposes, where.

As the demands on the spectrum for various public and private uses multiply, new methods of spectrum planning and management will be required. OTP is exploring such methods jointly with the FCC which allocates the spectrum to non-Federal users.

#### B. Private Domestic Communications:

The United States has the largest communications industry in the world.

Our per capita expenditure on communications services of all kinds exceeds the total per capita income of many nations. Almost 5% of our gross national product is devoted to electronic communications. Except for health services and education, it is the most rapidly growing sector

of our economy. OTP is responsible for clarifying the significant

policy issues <sup>concerning</sup> ~~and implications~~ of electronic communications and for formulating and presenting <sup>the Administration's positions in this field to</sup> ~~the public,~~ the Congress, ~~and~~ the FCC, <sup>and</sup> ~~the public,~~ <sup>and</sup> the Administration's position in this field. Some of the current <sup>and</sup> important issues are the following:



*Having quantities of data and methods of doing business at the disposal of small companies may equalize the competitive advantage held by larger corporations.*

(1) Specialized Carriers:

Advances in electronic technology have created the need for, and made possible, many new kinds of communications services in addition to the familiar telephone and telegram. *These services offer the potential for to* These provide economy and convenience *for the consumer; they* place quantities of data and means of doing business at the disposal of the smaller companies *as large company* which were once available only to the largest corporations. *tends to equalize their competitive advantage* Microwave relay and satellite systems can carry enormous amounts of information, including television signals, computer data, and facsimile; and new low-cost information machines make these large quantities of data and *widely available* information *useful*. *for shelling (usable by human beings)* Such new systems present the nation with the policy question whether the common-carrier monopoly historically held by telephone companies should be extended to some or all of these new fields; whether new common or quasi-common carriers should be allowed to enter this field; or whether competition should be allowed. If competition is to be allowed, we must decide what pricing limitations should be imposed upon the monopoly protected- common carriers.



*The spectrum is a limited -- & therefore valuable -- resource. Highly complex & very difficult decisions must be made about who will be allowed to use what frequencies for what purposes, where.*

- 5 -

As the demands on the spectrum for various public and private uses multiply, new methods of spectrum planning and management will be required. OTP is exploring such methods jointly with the FCC, which allocates the spectrum ~~to non-Federal~~ ~~among private~~ users.

#### B. Private Domestic Communications:

The United States has the largest communications industry in the world. Our per capita expenditure on communications services of all kinds exceeds the total per capita income of many nations. Almost 5% of our gross national product is devoted to electronic communications. <sup>9</sup>except for health services and education, it is the most rapidly growing sector of our economy. OTP is responsible for <sup>clarifying the significant policy issues & implications of electronic communications</sup> formulating and presenting to the public, the Congress, and the FCC, the Administration's position ~~concerning the many policy issues~~ in this field. <sup>Some of the current important issues are the following</sup> ~~which include the following:~~

##### (1) Specialized Carriers:

Advances in electronic technology have created the need for, and made possible, many new kinds of communications services in addition to the ~~conventional~~ <sup>familiar</sup> telephone and ~~telegraph~~ <sup>telegram</sup>. These provide economy and convenience for the consumer, and place <sup>or</sup> ~~at the disposal of the small company~~ <sup>or</sup> quantities of data and means of doing business which were once available only to the largest corporations. Microwave relay <sup>satellite</sup> systems can carry enormous amounts of information, including television signals, computer data, and facsimile, <sup>and new</sup> Such new systems present the nation with the policy question whether the common-carrier monopoly <sup>historically</sup> ~~now~~ held by telephone companies should be extended to some or all of these new fields; <sup>new common or quasi-common carriers</sup> ~~whether other companies~~ should be allowed to <sup>enter</sup> ~~compete for~~ this <sup>field</sup> ~~business~~; <sup>or whether competition should be allowed.</sup> ~~even though they do not carry the burden of the less profitable telephone service.~~ If competition is to be allowed, we must decide what pricing limitations should be imposed upon the monopoly-protected common carriers.

*new information services make the large quantities of data & information useful to the*



*for the long run*  
Even more importantly, we must develop a sound technological and institutional framework that will permit a substantial growth in mobile communications — not possible under current arrangements.

## (2) Mobile Communications Services:

Ours is a mobile society. As a result, our communications systems must become mobile as well. This is already a reality in the area of broadcast communications--the car radio, the pocket radio, and the TV set small enough to take to the beach. There are ~~enormously~~ increasing demands for similar flexibility in our person-to-person communications--personal paging devices, *such as many doctors now have,* radio-dispatched vehicles for the small businessman, *personal pocket or* and car telephones for everyone. Mobility, however, *stretches the capability of* ~~precludes~~ the wire; *as utilizing the frequency spectrum.* *most* of these new services must be provided by radio. A *most* pressing issue at the present time is how space is to be found for mobile person-to-person communications on an already crowded radio frequency spectrum.

## (3) The Fairness Doctrine:

*I hope to see some enforcement of this doctrine.*  
In exercise <sup>ing</sup> of its responsibility to insure that broadcasting meets the "public interest, convenience and necessity," the FCC has over the years developed ~~what has come to be known as~~ the "Fairness Doctrine." This refers to what is becoming an increasingly detailed and confusing set of rules and decisions, intended to assure that broadcasters present fairly both sides of controversial issues of public importance and provide opportunity for response to personal attack. There is concern that what was originally intended to spur public debate and increase public awareness has now come to have the opposite effect, since the risk of violating the Fairness Doctrine can be <sup>reduced</sup> ~~minimized~~ by minimizing discussions of public issues. The time has come for an overall reassessment of the doctrine and its effects--including its application to the political field, <sup>governmental</sup> and the threat of ~~content control, which it represents.~~

## (4) Protection of Private Rights in the Computer Culture:

*make it possible to*  
Computers ~~enable~~ the accumulation of data banks which contain vast quantities of *data with considerable proprietary data value & information* concerning millions of our citizens. Electronic communications make this information readily accessible to people in remote locations. The way in which it is assembled, used, and distributed may profoundly affect <sup>our economy</sup> ~~lives, and careers,~~ <sup>& incomes.</sup> On occasion, the assembled information



may be inaccurate. Should the individual have some right to learn<sup>about this</sup> and correct ~~this?~~ What restrictions should be imposed upon the communication of such accumulated information to other persons? What procedural and privacy safeguards should be required?

(5) Cable TV and Over-The-Air Broadcasting:

One of the new technologies, coaxial cable, permits the distribution of television signals by wire--and a much larger number of signals ~~than is~~<sup>gathered</sup> available with over-the-air broadcasting. Cable seems to have the ~~potential~~<sup>technological</sup> of providing a new diversity, flexibility, and quality in television programming. <sup>There may be some danger, however, that it could</sup> Some feel, however, that it ~~threatens~~<sup>could</sup> to destroy our present system of over-the-air ~~broadcasting~~<sup>television</sup> without providing a satisfactory substitute. At the present time, some cable systems are permitted to import "distant signals" ~~of~~<sup>from</sup> broadcast stations many miles away, without making any payment for the use of such material, ~~neither~~<sup>either</sup> to the broadcasters ~~nor~~<sup>or</sup> to the copyright owners from whom the broadcasters have purchased performance rights. There is general agreement that this is wrong, but no consensus as to ~~what~~<sup>how</sup> the payment should be ~~required~~<sup>required</sup>. The FCC has required cable systems above a certain size to originate programs. Some feel that the desirable policy ~~should~~<sup>would</sup> be the direct opposite of this--that origination of programming should be positively forbidden so that ~~there will not develop~~<sup>an anti-competitive</sup> a common control of program production and tele-~~cast distribution~~<sup>cast distribution</sup>. Cities, counties, and states, ~~have all imposed~~<sup>in addition to the FCC</sup> varying ~~degrees of regulation~~<sup>upon the new medium</sup>, ~~some of which may conflict with~~<sup>upon the new medium</sup> ~~Federal regulation~~<sup>upon the new medium</sup>, now or in the future. These and many other problems pertaining to cable do not fit existing regulatory molds, and almost certainly will require new legislation.

(6) Domestic Satellites:

American technology launched the first commercial communications satellite for international use in 1965. Six years have passed, and even though American private industry has been willing and able, the American public still



does not have the benefit of even a ~~single~~ <sup>system</sup> satellite for national communications. The problem has not been money or technology, but simply governmental delay and indecision concerning how domestic systems should be authorized. Should there be one company granted monopoly rights from the outset, or should the field be open, at least initially, to all entrants? Should telephone common carriers be permitted to enter the field? Should Comsat? What special requirements should be imposed, or special privileges granted, to assure service to Alaska and Hawaii?

C. International Communications:

International communications traffic has historically grown at an annual rate of about 15%. Americans now spend more than \$530 million a year for this purpose and are expected to be spending more than \$5 billion by 1980. International communications are not only important for the conduct of overseas business; in the open world which we seek, they ~~are determinative~~ <sup>heavily affect</sup> of the way in which nations view one another. It is now possible to call ~~a friend in~~ London <sup>from New York City</sup> by simply dialing ~~his~~ <sup>the</sup> number. Last week, a world championship boxing match taking place in Monte Carlo, ~~I~~ was watched by United States sports enthusiasts on network television. In an era when so many new technologies <sup>seem only to</sup> facilitate war, creative development of the new technologies of communications is <sup>a great</sup> ~~our best~~ chance for peace. Such development requires the resolution of many policy issues, on which OTP will be developing ~~Administration~~ proposals and working closely with the Congress <sup>of the FCC</sup>.

(1) Structure of the Industry:

At present, this country's international private communications are handled by several companies--most of the telephone traffic by AT&T, and most of the ~~record~~ <sup>data</sup> traffic by ITT World Communications, RCA Global Communications and Western Union International. By decision of the FCC, AT&T divides its telephone traffic originating in this country ~~between~~ <sup>in which it has substantial investments</sup> between ~~submarine cables~~ and satellite circuits leased from the Communication



(F) A review of existing legislation and the development of new policy.

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Satellite Corporation (or Comsat). Comsat is a private corporation authorized by Federal statute whose Board includes Presidentially appointed directors ~~as well as~~ <sup>U.S.</sup> representatives of the other <sup>that buy service from Comsat.</sup> international carriers. The complexity and conflicting incentives built into this industry structure may increase the cost to the public of overseas messages; they certainly place the United States at a severe disadvantage in negotiating with other countries, each of which is usually represented by a single entity. There have been questions raised about this structure for many years; with the tenfold increase in traffic projected by 1980, the Congress and others have been calling for ~~action.~~ <sup>action.</sup>

(2) The Balance between Satellites and Submarine Cables

No landing of <sup>on undersea</sup> communications cable may be made within <sup>the United States</sup> this country, nor may any communications satellite be placed into service, without governmental approval, given or withheld by the FCC. <sup>Because of our regulatory structure,</sup> ~~the~~ excessive capacity is authorized, or if an unreliable or technologically outmoded system is authorized, the private and public consequences are serious. There are at times sharp disputes concerning projected capacity, as well as the relative merits of cables and satellites. <sup>disputes are routinely</sup> ~~These must be~~ resolved in the context of a particular cable or satellite application, but they <sup>arise from a failure to address</sup> ~~raise~~ fundamental questions of long-range planning on which the views of industry and several government agencies must be sought and coordinated.

(3) International Negotiations:

International communication requires international agreement. Two-way systems need governmental approvals <sup>at</sup> both ends--for cable landings or satellite earth stations, for rate structures, for connection into the national communications networks. Even one-way broadcasting requires international agreement, since interfering spectrum uses must be avoided. The first permanent forum for such international arrangements was the International Telegraph Union, established in 1865. Its successor is the International Telecommunications Union, established by the Madrid Conference of 1932 and recast into its present form by the Atlantic City Conference of 1947. This



organization holds Plenipotentiary Conferences at approximately 5-year intervals, and sponsors much more frequent Administrative Conferences to ~~revise~~ <sup>negotiate changes in</sup> the International Radio Regulations and the International Telephone and Telegraph Regulations. In addition to ITU ~~proceedings~~ <sup>proceedings</sup> ~~negotiations~~ <sup>STEP</sup>, there are frequent special negotiations with one or more foreign nations--such as those ~~soon to be held in Geneva~~ <sup>now in progress here in Washington</sup> among the members of the International Telecommunications Satellite Consortium (INTELSAT). Such negotiations can have significant commercial, social, and political consequences for the United States. OTP is responsible for providing <sup>Communications policy guidance for these negotiations</sup> ~~policy guidance~~ to the Department of State. ~~on the Communications policy aspect.~~

In all of the areas I have discussed above--and in particular the private domestic and international fields--it is not my intention to create the impression that OTP is the final policy maker. Communications policy in this country is ultimately made by the Congress. It is interpreted and applied by the FCC <sup>2</sup> in the exercise of its regulatory responsibilities, ~~under the Communications Act of 1934.~~ As in other fields, however, the Executive Branch has an important role to play--by making known to Congress, <sup>& the public</sup> and the FCC, its considered views on communications policy matters and their relationship to the broad scope of national concerns; by proposing legislation to the Congress where necessary; by providing a forum for the opinions of the public and industry; and by stimulating national discussion on issues of national consequence. In the field of management of the Government's own communications systems my Office does exercise <sup>considerable</sup> ~~dispositive~~ authority, though even there we feel strongly that our <sup>approach, insofar as possible,</sup> ~~principal role~~ should be to coordinate rather than control, <sup>to insofar as possible.</sup> In the field of non-Government communications, on the other hand, we are merely a partner in the policy-making process, dealing in behalf of the Executive Branch with the Congress, the public, the industry and the FCC.

(Chart #4)



G. I may add parenthetically that we do not anticipate ever growing much beyond that level. ~~the~~

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### III. ACCOMPLISHMENTS OF THE OFFICE

The most important thing we have done in our first six months is, frankly, to organize the office and form the nucleus of a staff capable of dealing with the kinds of policy problems I have just discussed. I am sure you are aware that the job of building a new ~~permanent~~ agency and establishing its relationship with other Government agencies is enormously time consuming. <sup>when OTP was</sup> ~~I am pleased to report that we are now functioning effectively in the role that the President and the Congress set for us.~~ ~~Our total personnel now numbers 35, which gives us the capacity to deal with a few of the most pressing policy issues.~~ ~~We have established the base which will permit us to grow in an orderly manner in the next fiscal year to the level set forth in our budget estimates.~~ ~~Although I feel very keenly the fact that we do not have enough people on board at the present time to handle all of the matters which need attention, I am confident that we will reach that necessary level shortly, and that personnel requirements not significantly in excess of those projected for 1972 will suffice for the long run.~~ ~~The Office was intentionally structured in such a way as to avoid the building of a new bureaucracy.~~ <sup>consequently it was located</sup> ~~This was achieved partly by locating it within the Executive Office of the President; and partly by providing for technical support from staff units in various Government departments.~~ <sup>was provided by</sup> ~~In particular, the Department of Commerce has the mission of supplying OTP with broad technical support and also administrative support in the frequency management process.~~ <sup>I am pleased to report that we are now beginning to</sup> ~~function effectively in the role that the President and the Congress set for us.~~ <sup>for us.</sup> While in the process of building our organization, we have felt it important to press forward on a number of substantive issues. Some of these are still underway, but I might mention two completed projects of some importance. First was the establishment of an aeronautical satellite policy for the United States. It had been apparent for several years that the rapid increase in aircraft traffic on international routes and the limited capability of existing communications systems would soon require the use of satellite communications

initially established it was contemplated that it would have a staff of 65 people. The present budget request would enable us to continue our orderly growth in the coming year until we have reached that original minimal level.



for aeronautical navigation over the Atlantic and Pacific Basins. There had nevertheless been extended delay in making the necessary arrangements, because of disagreement on technical matters among Federal agencies and within the private sector, and because of the absence of any single forum in which the Federal decision could ultimately be made. The National Aeronautics and Space Administration and the Federal Aviation Administration were about to proceed with overlapping <sup>and incompatible</sup> programs which could have wasted a substantial amount of <sup>money</sup> ~~funds~~. One of the first accomplishments of my office was the establishment of a Government policy for aeronautical satellite communications, arrived at after consultation with representatives of various Federal agencies, private airlines and foreign governments. It sets a time frame for development of the system, establishes the outlines of Government-industry cooperation, and <sup>and such guidelines for international cooperation.</sup> ~~fixes the frequency band which will be used.~~ This policy was announced last January. Since that time OTP has been following through to see that it is promptly implemented. This is an example of the type of policy which OTP will be developing--not policy in the abstract, but a specific definition of management relationships to hasten the conversion of new technology <sup>to benefit</sup> ~~into~~ <sup>the</sup> public ~~benefit~~ and to conserve public funds.

The second major project which has been substantially completed is coordination of United States preparation for the World Administrative Radio Conference on Space to be held in Geneva next month. The process of establishing detailed United States positions is a lengthy one, requiring consultation with industry, Federal agencies ranging from HEW to DOD and, of course, the Department of State. The decisions <sup>reached</sup> ~~made~~ in these <sup>international</sup> negotiations will be submitted to the Senate for ratification as a treaty; they will affect the growth and development of space communications over the next decade. Our major positions have at this point been established. The briefings of the Chairman to our delegation have been commenced, and we look forward to a successful session in Geneva.



I should also make mention of three policy proposals which will be announced in the near future. One is legislation for the long-term financing of the Corporation for Public Broadcasting and for the support of educational broadcasting in general. The second is an Executive Branch policy statement concerning the <sup>planning of</sup> ~~desirable proportions of~~ satellite and cable facilities for transatlantic communications. And the third is an updating and amplification of the Executive Branch policy on domestic satellites which was originally announced before formation of this Office, a year ago January.

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I have thought it most important, at this first formal appearance before this Committee, to give you this overview of what the Office of Telecommunications Policy is and what it does. Needless to say, I have not made mention of everything we are engaged in, nor have I gone into much detail. I hope, nevertheless, it was enough to give you the general sense of what <sup>this</sup> ~~my~~ Office is meant to do. I will now be happy to reply to any questions you may have concerning the Office and its budget proposal.



Mr. Chairman and Members of the Committee:

You have before you our Budget Estimates for Fiscal 1972. I do not intend in this brief presentation to repeat the specific items discussed in some detail in that document. Since, however, the Office of Telecommunications Policy is new to this Committee--since, in fact, we are rather new to everyone--I think it would be useful to discuss briefly what the Office is and what it does.

#### I. HISTORY OF OTP

Electronic communications can at this point in our history no longer be considered a novelty. The first commercial telephone service in this country was initiated almost a century ago, ~~and~~ the first commercial radio broadcasting a half-century. Congressional regulation of the field began as early as 1866, and the Federal Communications Commission has been in existence since 1934. Until 1970, however, there was no agency within the Executive Branch responsible for establishing executive policies in the communications field or for coordinating the communications activities of the Federal Government itself.

In recent years, it became increasingly apparent that such an agency was necessary. Communications had simply become too important a part of the national economy and of the Federal Government's own operations to be ignored by the executive branch. Between 1950 and 1969, the communications industry's contribution to national income increased by 525 percent. That growth rate is almost double the rate for all industries during the same period, and even more in excess of the rate for certain other areas such as transportation and trade. (Show Chart #1) In 1970, the industry's new investment in plant and equipment was approximately \$10 billion. This compares with approximately \$6 billion for transportation and \$3 billion for mining.



(Show Chart #2). Perhaps the best illustration of the need for executive branch concern with the communications field is a comparison of its contribution to national income with the contribution of other fields for which entire executive departments have been established. The areas of the economy overseen by the Department of Transportation contribute approximately 8 percent; by the Department of Agriculture 7 percent; and by the Department of the Interior 5 percent. Communications accounts for 4 percent. (Show Chart #3.)

All of these figures merely demonstrate the economic importance of the industry. They do not suggest its social importance, which is even greater. Nor do they indicate its extraordinary need for informed policy guidance. During the last two decades in particular, this need has increased enormously--principally because of the very factor which accounts for the industry's rapid growth during the same period. I refer to technological innovation. The era of discovery in the communications field is not drawing to an end; it is barely beginning. This chart (Show #4) shows the dates of entry into commercial use of principal innovations in the electronic communications field. You will note how many of them are crowded into recent years. It was only in 1956, for example, that one was first able to make a transatlantic telephone call via submarine cable; prior to that, the call was subject to the inconvenience and interruptions of shortwave radio transmission. Yet 10 years later, we were communicating across the Atlantic via satellite.

The importance and rapid development of the communications industry caused President Johnson to establish in August of 1967 a Task Force on Communications Policy under the Chairmanship of then Under Secretary of State, Eugene V. Rostow. The Final Report submitted by that Task Force proposed as one of its major recommendations the establishment of a new entity within the executive branch--"a long-range planning, policy-formulating and coordinating, and mission-support capability which can serve to integrate the various roles in which the Executive Branch is presently engaged." After considering the Rostow Report, and undertaking



studies of its own, the present Administration agreed. Accordingly, in April of last year it submitted to Congress Reorganization Plan No. 1 of 1970, authorizing establishment of the Office of Telecommunications Policy within the Executive Office of the President. The Office was finally established and its functions specified by Executive Order 11556, issued last September. I have with me copies of both the Reorganization Plan and the Executive Order, which I will be happy to distribute if you wish. It is fair to say that the Office of Telecommunications Policy was established with general support from the industry, the FCC and both parties in the Congress.

## II FUNCTIONS

Rather than discuss the dry details of the responsibilities assigned to OTP by the Reorganization Plan and Executive Order, I would like to give you some examples of matters which currently occupy our attention in the three major subject areas with which we deal.

### A. Government Communications:

We are responsible for establishing policies and procedures for the management of Federal Government's own communications systems. It has been estimated that the Government's investment in communications equipment is almost \$50 billion. The annual expenditure for operation of these systems is somewhere between \$5 and \$10 billion; the roughness of the estimate is one effect of the absence of any single agency such as ours responsible for coordination of government communications in the past. This area of government communications is not merely important in its own right, but because of its magnitude it has considerable impact upon the private sector.

Some of the major policy issues with which we are presently



concerned in the field of government communications are the following:

(1) National Warning System:

This is perhaps the issue with which you are most familiar, as a result of the recent failure of the Emergency Broadcast System to respond as it should. It is absolutely imperative that the nation have a warning system, available for use in the event of attack or natural disaster, in which the public can place absolute confidence. Recent events have certainly shaken that confidence - *and raised questions about our ability to respond to major emergencies* - perhaps unjustifiably, since *responds* EBS is not really part of the warning system. Both systems must be subjected to an intensive review to assure not only their *operational reliability and responsiveness* technical soundness but also their responsiveness to the varying needs of the Government.

(2) Relationship between AUTOVON and FTS:

*As the members of this committee know*  
The Federal Government maintains its own voice and record communication system, managed by the General Services Administration, known as the Federal Telecommunications System (FTS). In addition, the Department of Defense maintains a separate voice communication network (AUTOVON) and a separate record communications network (AUTODIN). Interconnection between FTS and AUTODIN has been achieved, but at the present time the Department of Defense voice system has no access to, and is not accessible from, the voice communications systems serving the rest of the Government. This situation is not only inconvenient but perhaps *enormously* ~~erroneously~~ wasteful. It obviously requires study and improvement. *This office is working with GSA & DOD to reach a decision determine whether improvement can be*



(2)

(3) Spectrum Allocation Procedures:

Approximately half of the radio spectrum is now allocated to the Federal Government and used by its various agencies, for purposes ranging from communication between fire prevention personnel in national forests to <sup>strategic and tactical</sup> missile guidance <sup>systems</sup> and radar. Allocation among the various uses is ultimately my responsibility, <sup>in carrying out this responsibility</sup> but of necessity I rely heavily upon the advice and assistance of the Interdepartment Radio Advisory Committee. <sup>which</sup> This is a group composed of representatives of 17 Federal agencies which make extensive use of the spectrum. As the demands on the spectrum for various public and private uses <sup>multiply</sup> increase, the ~~Committee system becomes an increasingly cumbersome and ineffective means of achieving the desired goals.~~ New <sup>of spectrum planning & management</sup> methods <sup>will</sup> <sup>be</sup> <sup>required.</sup> <sup>The office is exploring such methods</sup> must be considered.

in the FCC  
(3) (4)

Oversight of Federal Communications Expenditures:

Expenditures of the Federal Government for communications--including research and development in the field--are considerable. It has become at once increasingly important and increasingly difficult to avoid duplication and waste. An effective system of <sup>management</sup> oversight must be devised and implemented for this purpose. <sup>for example,</sup>

B. Private Domestic Communications:

The United States has the largest communications industry in the world. Our per capita expenditure on communications services of all kinds exceeds the total per capita income of ~~such~~ <sup>some</sup> nations as Korea, Bolivia and Southern Rhodesia. About ~~7%~~ of our gross national product is devoted to communication, and <sup>Almost 5% of our gross national product</sup> ~~nearly four percent~~ to electronic communication--telephone



and broadcasting. Except for health services and education, electronic communication is the most rapidly growing sector of our economy. A few of the important issues in this field *for which we are responsible* are the following:

(1) Specialized Carriers:

*electronics have created the need for and have made possible*  
~~As a result of~~ advances in technology, many point-to-point communications services ~~are available~~ today *that* beyond the *not in addition to* old standards of telephone and telegraph. *service* Microwave relay

*with* systems can carry enormous amounts of information, including television signals, computer data and facsimile. *The country is faced* A major policy question *of whether* ~~presented is whether~~ the common-carrier monopoly now held by telephone companies should be extended to some or all of these new fields; or whether other companies should be allowed to compete for this ~~lucrative~~ business, even though they do not carry the burden of the less profitable telephone service. If competition is *to be* allowed, *we must decide* the question ~~arises~~ what pricing limitations should be imposed upon the monopoly-protected common carriers. *Communication*

(2) Spectrum Space for Land Mobile Service?

There have been increasing pressures from various segments of the society for provision of point-to-point radio service to motor vehicles. The car telephone can now technically and economically be provided to a large number of our citizens; but the major obstacle which stands in the way of this contribution to convenience and public safety is the unavailability of sufficient spectrum space allocated to that use.



Some urge that a portion of the spectrum now allocated to television broadcasting is really unnecessary for that purpose and should be reallocated for land mobile. A determination must be made as to the desirable priority for this communications service; and a further determination as to that portion of the spectrum which may be taken <sup>from</sup> ~~for~~ other uses to meet the priority.

(3) The Fairness Doctrine:

In exercise of its responsibility to insure that broadcasting meets the "public interest, convenience and necessity," the FCC has over the years developed what has come to be known as the "Fairness Doctrine." This refers to an increasingly detailed and complex set of rules and decisions intended to assure that broadcasters present fairly both sides of controversial issues of public importance and provide opportunity for response to personal attack. <sup>There is concern</sup> ~~It is felt in some quarters~~ that what was originally intended to spur public debate and increase public awareness has now come to have the opposite effect--<sup>since</sup> ~~as~~ <sup>apparently find it easier to</sup> some broadcasters are hesitant to donate or even ~~avoid public issues~~ sell time for discussion of a public issue lest they be required to donate time for rebuttal. Several bills which have been introduced in Congress during this term <sup>g</sup> seek to make some modification of the fairness doctrine. It is apparent, however, that the subject is too complex and interwoven to be treated piecemeal. What is required is a study of the entire doctrine--including its applications to the political field, and the threat of content control which it represents.



(4) Protection of Private Rights in the Computer Society: <sup>Culture</sup> <sup>Electronics</sup>

<sup>Computer</sup> Electronic communications have made feasible the accumulation of data banks which contain vast quantities of information concerning millions of our citizens. This information may be used and furnished in various ways which profoundly affect those individuals' lives and careers--~~employment and credit references, for example~~. On occasion, the information may be inaccurate. Should the individual have some right to learn and correct this? Should any restrictions be imposed upon the extent to which such accumulated information may be shared or made available to other persons? Should some privacy safeguards be required?

(5) Cable Television and ~~Its Relationship to Over-The-Air Broadcasting~~ <sup>Television</sup>

One of the new technologies, coaxial cable, permits the distribution of television signals by wire--and a much larger number of signals than is available <sup>with</sup> over the air in most areas. In the view of some informed persons, cable <sup>appears to</sup> hold the <sup>potential</sup> promise of providing a new diversity, flexibility and quality in television programming. According to others, it threatens to destroy broadcasting without providing any substitute in those rural areas that can not economically be wired. At the present time, some cable systems are permitted to import "distant signals" of broadcast stations many miles away, without making any payment for the use of such material, neither to the broadcasters nor to the copyright owners from whom the broadcasters have purchased performance rights. There is general agreement that this is wrong, but no consensus as to what



the payment should be. The FCC has required cable systems above a certain size to originate programs. Some feel that the desirable policy should be the direct opposite of this -- that origination of programming should be positively forbidden so that there will develop a separation between program production and telecast distribution. Cities, counties, and states have all imposed varying degrees of regulation upon the new medium, some of which may conflict with Federal regulation, now or in the future. These and many other problems pertaining to cable remain to be resolved.

(6) Domestic Satellites:

*Even tho. there have been several proposals*  
American technology launched the first <sup>commercial</sup> international communications satellite <sup>for international uses</sup> in 1965. Six years have passed, and still no domestic satellite is aloft. The problem has not been economic infeasibility, but simply governmental delay and indecision concerning <sup>money or technology</sup> the <sup>how</sup> type of domestic system <sup>which</sup> should be authorized. Should there be one company granted monopoly rights <sup>from the start</sup> in this field, or should it be open <sup>at least initially</sup> to all entrants? Should telephone common carriers be permitted to enter the field? Should Comsat? What special <sup>privileges</sup> requirements should be imposed <sup>or allowed for service</sup> to assure ~~service~~ to Alaska and Hawaii?

C. ~~Private~~ International Communications:

*Bruce?*  
International communications traffic has historically grown at about 15% per year. Total revenue of the United States carriers now totals \$533 million per year; this <sup>The American public last year spent over \$500 million for international service</sup> is projected to grow to more than \$5 billion by 1980. The social importance of the field - notably, its contribution to world harmony and peace - is incalculable. The principal policy



issues awaiting resolution in this field <sup>✓</sup> include the following:

(1) Structure of the Industry:

At present, this country's international private communications are handled by several companies--most of the telephone traffic by AT&T, and most of the record traffic by ITT World Communications, RCA Global Communications and Western Union International. By decision of the FCC, AT&T divides its telephone traffic originating in this country evenly between its own submarine cables and satellite circuits leased from the Communication Satellite Corporation, or COMSAT. COMSAT is a <sup>privately</sup> ~~publicly~~ held corporation authorized by Federal statute whose Board includes Presidentially appointed directors, as well as representatives of the other international carriers. The complexity <sup>& conflicting incentives</sup> ~~and apparent irrationality~~ of this structure ~~of our international communications industry~~ may increase the cost <sup>to the public</sup> ~~of~~ overseas <sup>communications</sup> ~~messages~~; it certainly places the United States at a severe disadvantage in negotiating with other countries, each of which is usually represented by a single entity. <sup>There has been question about</sup> ~~There have been calls for a reexamination of~~ this structure for many years. <sup>It is now particularly important because Congress and others have been calling for proportion</sup>

(2) Cable-Satellite Mix: <sup>The mix of cable and satellite facilities</sup>

No landing of a communications cable may be made within this country, nor may any communications satellite be placed into service, without governmental approval, given or withheld by the FCC. If excessive capacity is authorized or if an unreliable or technologically outmoded system is authorized, the private and public consequences are serious.

Congress responsibility



There are at times sharp disputes concerning projected capacity, as well as ~~concerning~~ <sup>currently feasible</sup> the relative merits of cables and satellites. These must be resolved in the context of a particular cable or satellite application, but they raise fundamental questions of long-range planning on which the views of industry and several government agencies must be sought and coordinated.

*International Communication Negotiation*  
(3) ~~World Administrative Radio Conferences:~~

The radio spectrum is a resource which must be used cooperatively or it will not be used at all. The nations of the world have established, as a mechanism for cooperation, periodic World Administrative Radio Conferences, at which the various portions of the radio spectrum are allocated to various non-interfering uses. Although the matters discussed at these conferences are highly technical, they have real and immediate political and social consequences. It is essential that the United States position in these conferences be well prepared, after thorough consultation with industry and with the various government agencies concerned.

(4) INTELSAT.

INTELSAT is an international joint venture of operating communications entities which owns and operates the space segment of an international satellite communications system. It now has    satellites in operation, providing approximately    circuits in the Atlantic and Pacific Ocean basins. The enterprise is currently organized on the basis of Interim

*Each nation handle its own internal communication. Intenat'l comm is inherently cooperative*



Arrangements agreed upon in 1964, pursuant to which COMSAT is the operating manager for INTELSAT and has a considerable amount of control over its direction. Permanent Arrangements for the enterprise are being negotiated during the current year, and will have far-reaching effects upon the future development of international satellite communications. Our national interests are very much involved.

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In all of the areas I have discussed above--and in particular the private domestic and international fields--it is not my intention to create the impression that OTP is the ultimate policy maker. Communications policy is ultimately made by the Congress, and applied on a day-to-day basis by Congress' representative, the FCC. As in other fields, however, the executive branch has an important role to play--by making its considered views on long-range needs and the implications of basic Congressional policy known to the FCC; by proposing legislation to the Congress where necessary; by providing a forum for the opinions of the public and industry; and by provoking national debate on issues of national consequence. It is only in the field of management of the Government's own communications systems that my Office functions as a terminal device; in the others, we are a conductor--a coordinator and go-between among the President, the Congress, the industry, the public, the FCC, the State Department, and the numerous other executive agencies which affect United States communications.



### III. ACCOMPLISHMENTS OF THE OFFICE

As I indicated earlier, the Office of Telecommunications Policy was formed last September. I have been its Director slightly more than six months. The most important thing we have done in those six months is, frankly, to organize the office and form the nucleus of a staff equal to the complexity and importance of the policy problems I have just discussed. I am sure you are aware that the job of organizing and staffing is enormously time consuming. We have now assembled--professionals; we are building to an ultimate level of \_\_\_\_\_.

While in the process of staffing, we have pressed forward on several substantive fronts, and have completed two projects of some importance. First was the establishment of an aeronautical satellite policy for the United States. It has been apparent for several years that the rapid increase in aircraft traffic on international routes and the limited capability of existing communications systems will soon require the use of satellite communications for aeronautical navigation over the Atlantic and Pacific Basins. There has nevertheless been extended delay in making the necessary arrangements, because of disagreement on technical matters among Federal agencies and within the private sector, and because of the absence of any single forum in which the Federal decision could ultimately be made. One of the first accomplishments of my office was the establishment of a Government policy for aeronautical satellite communications, arrived at after consultation with representatives of various Federal agencies, private airlines and foreign governments. It sets a time frame for development of the system, establishes the outlines of Government-industry cooperation, and, most important of all, fixes the frequency band which will be used by Government aircraft. This policy was announced last January. Since that time OTP has been following through to see that it is promptly implemented.



The second major project which has been substantially completed is coordination of United States preparation for the World Administrative Radio Conference on Space to be held in Geneva next month. The process of establishing detailed United States positions is a lengthy one, requiring consultation with industry, Federal agencies ranging from HEW to USIA and, of course, the Department of State. Our major positions have at this point been established. The briefings of the Chairman to our delegation have been commenced, and we look forward to a successful session in Geneva.

There are many other projects which are still in shop, but I may make mention of three which will be completed shortly. One is the preparation of legislation for the long-term financing of the Corporation for Public Broadcasting. The second is an executive branch policy statement concerning the cable-satellite mix for transatlantic communications. And the third is an updating and amplification of the executive branch policy on domestic satellites which was originally announced before formation of this Office, a year ago January.

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I have thought it most important, at this first formal appearance, to give you this overview of what the Office of Telecommunications Policy is and what it does. Needless to say, I have not made mention of everything we are engaged in, nor, with respect to the subjects I have raised, have I gone into much detail. I hope, nevertheless, it was enough to give you the general sense of what my Office is meant to do. I will now be happy to reply to any specific question you may have concerning the details of our budget proposal.



Friday 5/14/71

1:40 Mr. Wood called to say that the transcript from yesterday's hearing is ready to be picked up in Room H301. Mr. Lamb said he will pick it up.

225-5834



Thursday 5/13/71

12:20 Charlie McWhorter says "Good luck this afternoon."

Thursday 5/13/71

MEETING

5/13/71

2:30 p.m.

12:00 We have two cars available to take the following people up to the hearing this afternoon at 2:30 and to pick them up again at 4 o'clock or shortly thereafter:

Mr. Whitehead

Dr. Mansur

Mr. Scalia

Mr. Dean

Mr. Joyce

Mr. Hinchman

Mr. Lamb



Friday 5/7/71

MEETING

5/17/71

4 p.m.

4:15 Brian has scheduled a meeting for you with  
Sen. Boggs on Monday (5/17) at 4 p.m.

Thursday 5/6/71

MEETING

5/10/71

2 p. m.

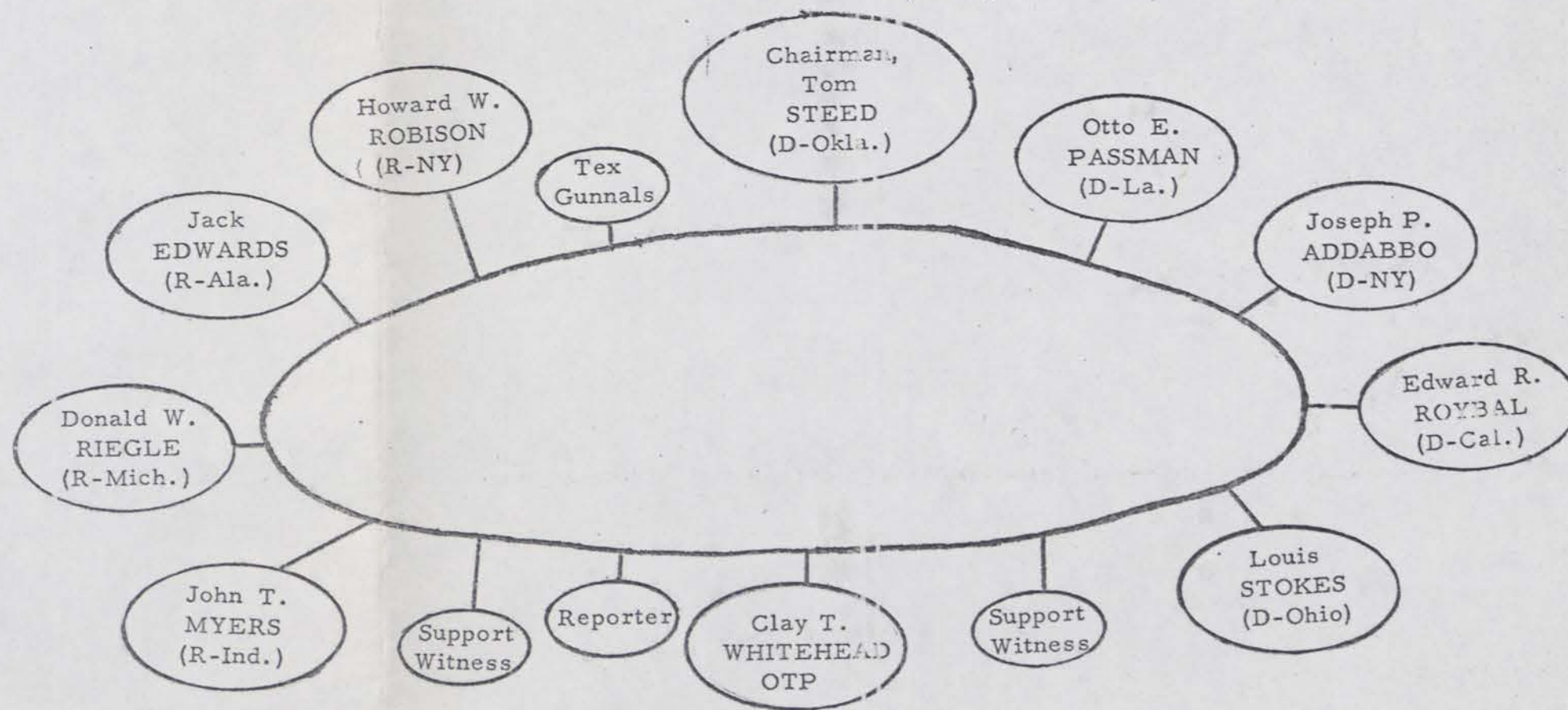
12:10 Brian has scheduled a meeting for you with  
Cong. Joseph Addabbo of New York at 2 o'clock  
on Monday (5/10).



Thayer  
Wood

HOUSE APPROPRIATIONS SUBCOMMITTEE ON  
TREASURY, POST OFFICE, AND GENERAL GOVERNMENT

Tex  
Gunnals



Observers

Door



### Congressional Districts of Its Members

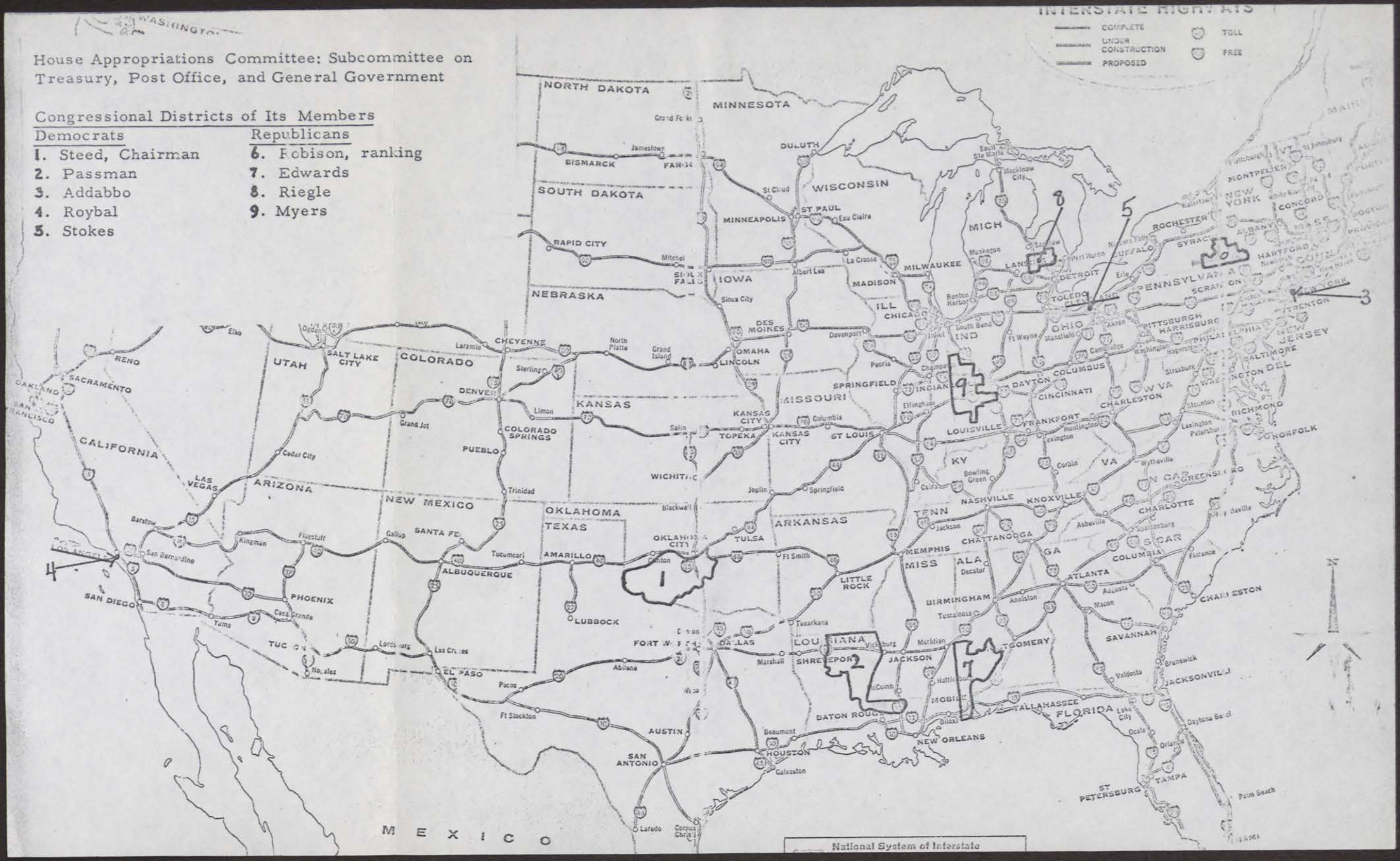
Republicans

6. Fobison, ranking

## 7. Edwards

8. Riegler

### 9. Myers





Thursday 5/6/71

MEETINGS

TO SENIOR STAFF:

Mr. Whitehead would like to have the following meetings to discuss his testimony on the OTP budget:

Friday 5/7 --- 5:00 p.m.

Monday 5/10 -- 9:30 a.m.

Thursday 5/13 - 9:30 a.m.

*Testimony*

Wednesday 5/5/71

TESTIMONY  
MEETING  
5/5/71  
2:00----ish

12:25 We are tentatively scheduling a meeting on your  
testimony for 2 o'clock this afternoon (5/5)  
with Mr. Scalia, Brian Lamb, and Linda Smith.



Tuesday 5/4/71

HEARING  
5/13/71  
3 p.m.

4:55 The hearing of the Subcommittee on Treasury,  
Post Office, and General Government -- House  
Appns. Committee -- is now scheduled for 3 p.m.  
on Thursday (5/13).

18-302

APPROPRIATIONS COMMITTEE

- HOUSE (225-2771)

Subcommittee on Treasury, Post Office and General Government

Tel. # \_\_\_\_\_, Room H-302

Tex Gunnals is staff man: Room H301, Tel. # \_\_\_\_\_

(Thayer Wood is assistant to Gunnals)

Tom Steed of Okla. is Chairman

Democrats

Steed, Chairman  
Passman  
Addabbo  
Roybal  
Stokes

Republicans

Robison  
Edwards  
Riegle  
Myers



TOM STEED, Chairman (D-Oklahoma)

TEL. # 225-6165

OFFICE # 2405 RHOB

Administrative Assistant: Truman Richardson

Secretary: Alberta Linville

Our contact:

Member since January 3, 1949 (22years)

Elected for 12 terms (81st through 92nd Congresses)

Committees:

Appropriations

Committee on House Restaurant

House Recording Studio, Chairman

Select Committee on Small Business

**FOURTH DISTRICT.**—COUNTIES: Caddo, Cleveland, Comanche, Grady, Greer, Harmon, Jackson, Kiowa, McClain, Oklahoma (that portion described as State Senate District Number 42 and that portion of House District Number 98 not otherwise included in State Senate District Number 42, as now defined and described in Title 14, Oklahoma Statutes, Section 79), Pottawatomie, Tillman, and Washita. Population (1960), 349,630; (1970), 464,432.

TOM STEED, Democrat, of Shawnee, Okla.; born on a farm near Rising Star, Tex., March 2, 1901; served 20 years as newspaperman on Oklahoma dailies, including 4 years as managing editor of Shawnee News and Star; enlisted October 29, 1942, as private in Antiaircraft Artillery, released from active duty in May 1944, with rank of second lieutenant; joined Office of War Information July 1, 1944, and served in information division in India-Burma theater until December 1945; married February 26, 1923, to Hazel Bennett; one son, Richard N., Navy veteran; another son, Second Lieutenant Roger Steed, U.S.M.C., killed in line of duty as fighter pilot in China in May 1947; elected to the 81st Congress on November 2, 1948; reelected to 82d, 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, and 92d Congresses.

OKLAHOMA

(6 districts)



Senators

Fred R. Harris - D

Henry L. Bellmon - R

Representatives

5 - D

3 - R

Tom Steed (D-4th District)

- Cities: Lawton

Midwest

Norman

Part of Oklahoma City suburbs

Hometown: Shawnee



OTTO E. PASSMAN (D-Louisiana)

---

TEL. # 225-6165

OFFICE # 2108 RHOB

Administrative Assistant: Martha K. Williams

Secretary:

Our contact:

Member since January 3, 1947 (24 years)

Elected for 13 terms (80th through 92nd Congresses)

Committees:

Appropriations

FIFTH DISTRICT.—PARISHES: Caldwell, Catahoula, Concordia, East Carroll, East Feliciana, Franklin, Jackson, Lincoln, Madison, Morehouse, Ouchita, Richland, St. Helena, Tensas, Union, West Carroll, and West Feliciana (17 parishes). Population (1960), 386,768; estimated to January 1963, 425,360.

OTTO ERNEST PASSMAN, Democrat, of Monroe, La.; born on a farm in Washington Parish, near Franklinton, La., June 27, 1900, of Irish-French-Holland Dutch extraction; married; owner of Passman Investment Co., Monroe, La.; served as officer in U.S. Navy during World War II; member, First Baptist Church, Monroe, La.; past State Commander, American Veterans of World War II, Inc.; member, American Legion; 33d degree Scottish Rite Mason; member, Red Cross of Constantine of York Rite of Freemasonry; past Grand Master, Grand Lodge of the State of Louisiana, Free and Accepted Masons; elected on November 5, 1946, to the 80th Congress; reelected to the 81st, 82d, 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, and 92d Congresses.

LOUISIANA

(8 districts)



Parish with two or more Congressional Districts

Senators

Allen J. Ellender - D  
Russell B. Long - D

Otto E. Passman (D-5th District)

Cities: Monroe  
Hometown: Monroe

Representatives

8 -D



JOSEPH P. ADDABBO, (D-New York)

---

TEL. #225-3461

OFFICE #2440 RHOB

Administrative Assistant: Mrs. Helen T. MacDonald  
Secretary:  
Our contact:

Member since January 3, 1961 (10 years)  
Elected for 6 terms (80th through 92nd Congresses)

Committees:

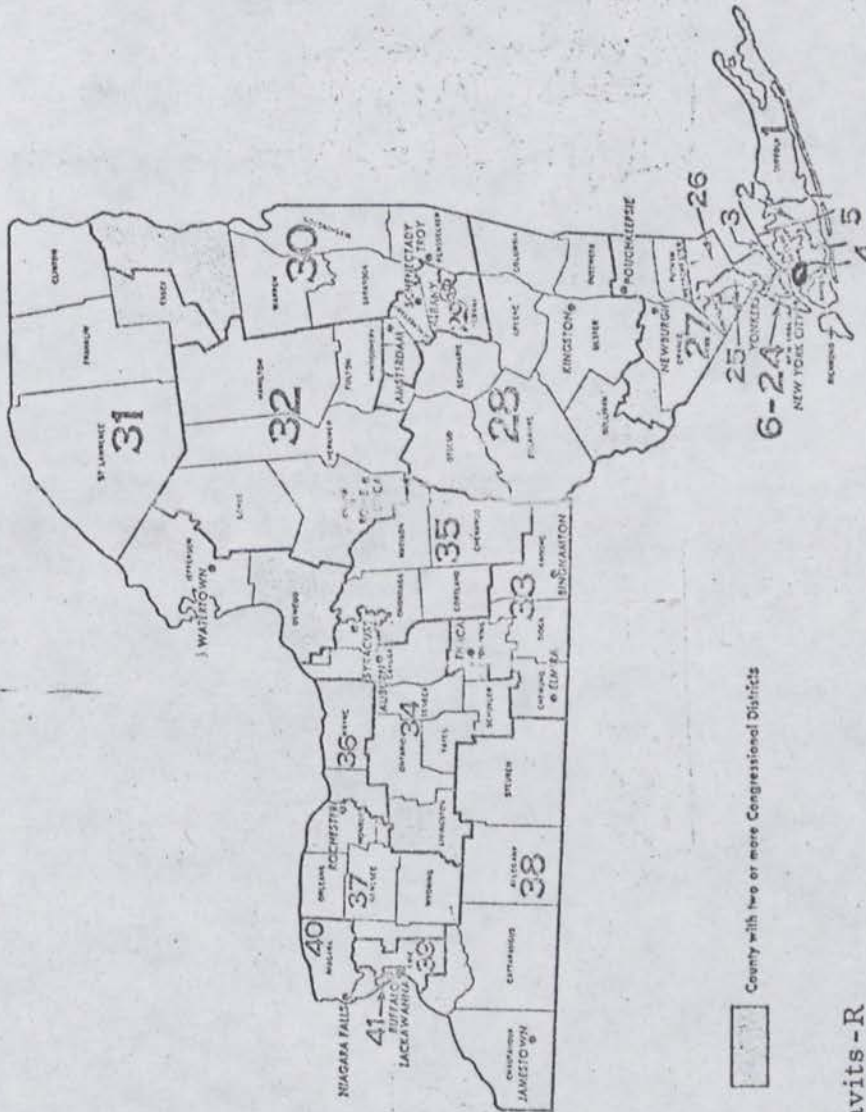
Appropriations  
Select Committee on Small Business

**SEVENTH DISTRICT.**—That part of the county of Queens described as follows: Beginning at a point where Park Lane South intersects the Queens-Kings County line, then along Park Lane South to 98th Street to Atlantic Avenue, to 94th Avenue, to Atlantic Avenue, to Van Wyck Expressway, to Archer Avenue, to 183d Street, to Jamaica Avenue, to Hollis Avenue, to 99th Avenue, to Francis Lewis Boulevard, to 111th Avenue, to 207th Street, to 112th Avenue, to Colfax Street, to Springfield Boulevard, to 116th Avenue, to 232d Street, to Linden Boulevard, to the Queens-Nassau County line, then along the Queens-Nassau County line to the waters of the Atlantic Ocean, then westerly through the waters of the Atlantic Ocean to Beach 109th Street extended, then along Beach 109th Street extended and Beach 109th Street to St. Marks Avenue, to Beach 108th Street, then along Beach 108th Street and Beach 108th Street extended to the waters of Beach Channel, then through the waters of Beach Channel and Jamaica Bay to the Queens-Kings County line, then along the Queens-Kings County line to the point of beginning. Population (1960), 409,353.

JOSEPH PATRICK ADDABBO, Democrat, of 132-43 86th Street, Ozone Park, N.Y.; born March 17, 1925, in Queens, N.Y., son of Dominick and Anna Addabbo; attended P.S. 59, Boys' High School in Brooklyn, City College for 2 years, and graduated St. John's Law School, LL.B. degree; married the former Grace Salamone; three children, Dominic, Dina, and Joseph; engaged in the general practice of law in Ozone Park; active in civic and community affairs; member of Queens County Bar Association; elected to the 87th Congress November 8, 1960; reelected to the 88th, 89th, 91st, and 92d Congresses.

NEW YORK

(41 districts)



County with two or more Congressional Districts

Senators

Jacob K. Javits - R

James L. Buckley - C

Representatives

24-D

17-R

Joseph P. Addabbo (D-7th District)

Cities: Part of Queens, NYC

Hometown: Ozone Park



EDWARD R. ROYBAL (D-California)

---

TEL. #225-6235

OFFICE #504 CHOB

Administrative Assistant:

Secretary: Clara Ignatius

Our contact:

Member since January 3, 1963 (8 years)

Elected for 5 terms (88th through 92nd Congresses)

Committees:

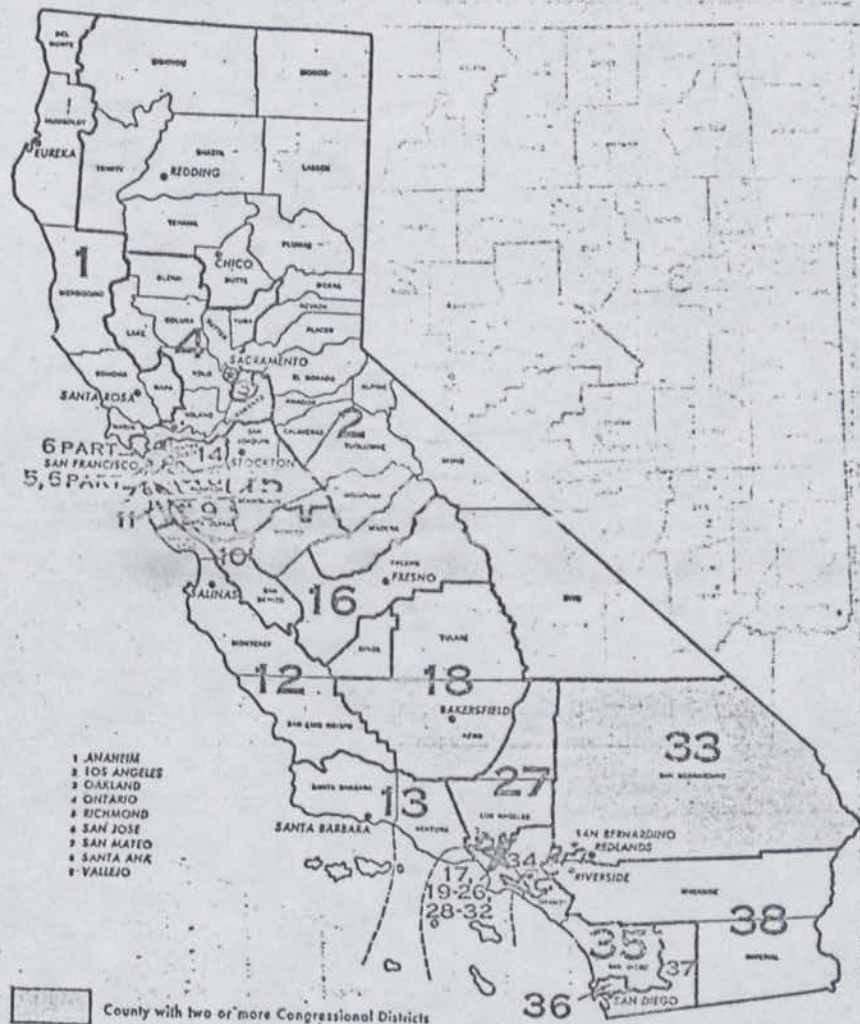
Appropriations

**THIRTIETH DISTRICT.**—COUNTY OF LOS ANGELES: Beginning at the intersection of Franklin and La Brea Avenues, southerly along La Brea to San Vicente Boulevard to Venice Boulevard to Crenshaw Boulevard to Washington Boulevard, southerly to 10th Avenue to Exposition Boulevard; thence easterly on Exposition to Vermont Avenue; thence northerly to Pico Boulevard; thence easterly on Pico to Union Avenue, northerly to Olympic Boulevard; thence southeasterly to Alameda Street; thence southerly to boundary of the city of Los Angeles near 23th Street; thence easterly and northerly along boundary to Blanchard Street; thence easterly on Blanchard to Eastern Avenue; thence northerly along Eastern to San Bernardino Freeway; thence westerly to Indiana Street, northerly to Valley Boulevard; thence westerly to Mission Road to Golden State Freeway, northerly to Pasadena Freeway, southwesterly to Hollywood Freeway; thence northwesterly to Franklin Avenue to point of beginning at intersection of Franklin and La Brea. Population (1960), 390,843; estimated to July 1961, 480,000.

EDWARD R. ROYBAL, Democrat, of Los Angeles, Calif.; born in Albuquerque, N. Mex., February 10, 1916; moved to Los Angeles in 1922 and attended the public schools; graduated from Roosevelt High School in 1934 and then joined the Civilian Conservation Corps until April 1, 1935; trained in business administration at the University of California at Los Angeles, and at Southwestern University in Los Angeles, Calif.; served in the U.S. Army from 1944 to 1945; married the former Lucille Beserra of Los Angeles, September 27, 1940; three children—Lucille (Mrs. Lucille Olivares), Lillian (Mrs. Lillian Rose), and Edward R., Jr.; social worker and public health educator with the California Tuberculosis Association and a director of health education for the Los Angeles County Tuberculosis and Health Association 1942-49; member of the Los Angeles City Council 1949-62 and served as president pro tempore from July 1961; chairman of the board of Eastland Savings & Loan Association; member of the Knights of Columbus and American Legion; honorary doctor of law degree, Pacific States University; elected to the 88th Congress November 6, 1962; re-elected to the 89th, 90th, 91st, and 92d Congresses.

# CALIFORNIA

(38 districts)



## Senators

Alan Cranston-D  
John V. Tunney-D

Edward R. Roybal (D-30th Dist.)

Cities: Part of Los Angeles  
Hometown: Los Angeles

## Representatives

20-D

18-R



LOUIS STOKES (D-Ohio)

---

TEL. #225-7032

OFFICE #315 CHOB

Administrative Assistant: Owen Heggs

Secretary: Branda Liggins

Our contact:

Member since January 3, 1969 (2 years)

Elected for 2 terms (91st through 92nd Congresses)

Committees:

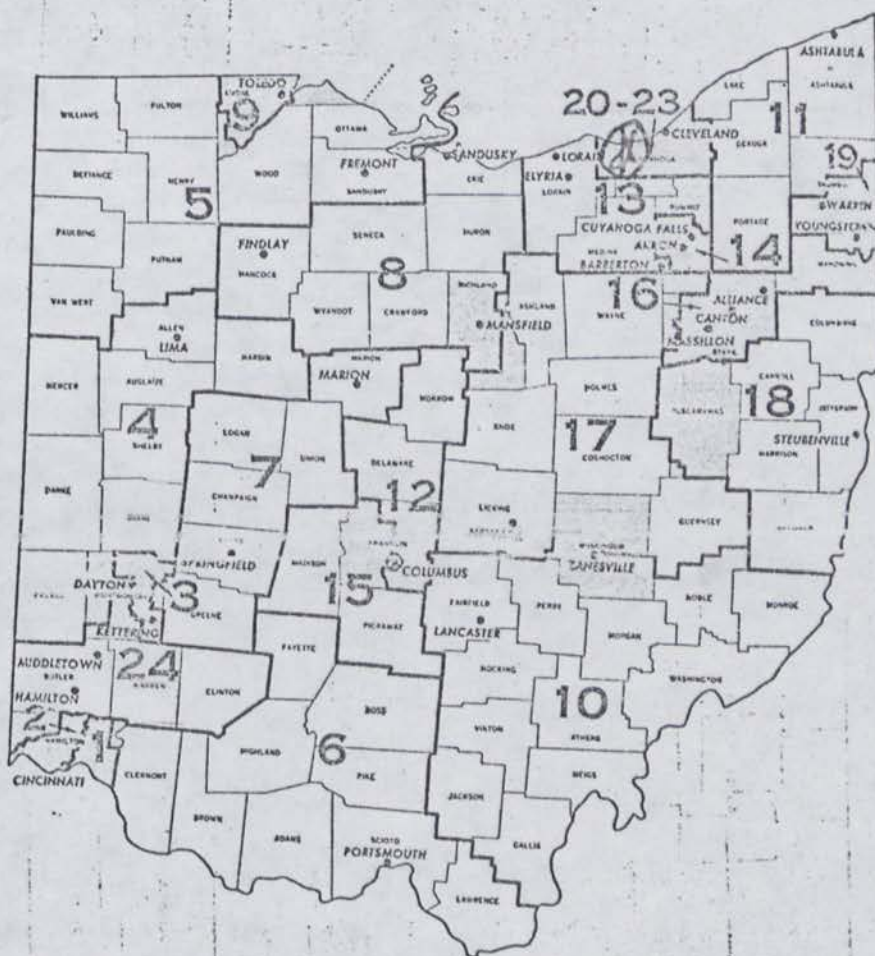
Appropriations


**TWENTY-FIRST DISTRICT.—CUYAHOGA COUNTY:** That portion contained within the limits of wards 10, 13 through 16, 18, 20, 21, 23 through 25, 27, 28, and 30, all in the municipal corporation of Cleveland, and the townships of Newburgh, Warrens and South Newburgh-Warrensville. Population (1960), 453,862; estimated to January 1969, 410,000.

LOUIS STOKES, Democrat, of Cleveland, Ohio; born in Cleveland, February 23, 1925, son of Louise Stokes; father, Charles, deceased; educated at Cleveland College of Western Reserve University, 1946-48; Cleveland Marshall Law School, 1948-53, juris doctor degree; veteran of U.S. Army, 1943-46, honorably discharged; practicing attorney in Cleveland, Ohio, since 1954; member of law firm of Stokes, Character, Terry & Perry; admitted to practice before Supreme Court of the United States; recipient of numerous civic awards including Cleveland Branch, NAACP, and U.S. Commission on Civil Rights; previous board member of Cleveland and Cuyahoga County Bar Associations; past chairman Ohio State Bar Association Criminal Justice Committee; lectured and written articles for universities and bar associations; member of numerous civic and legal organizations; Methodist, St. Paul A.M.E. Zion Church; married Jeanette (Jay) Francis; four children, Shelley, Angela, Louis C., and Lorene; brother of Carl B. Stokes, mayor of Cleveland, Ohio; elected to 91st Congress November 5, 1968; reelected to 92d Congress; member: House Committee on Appropriations.

# OHIO

(24 districts)



 County with two or more Congressional Districts

## Senators

William B. Saxbe-R  
Robert Taft, Jr.-R

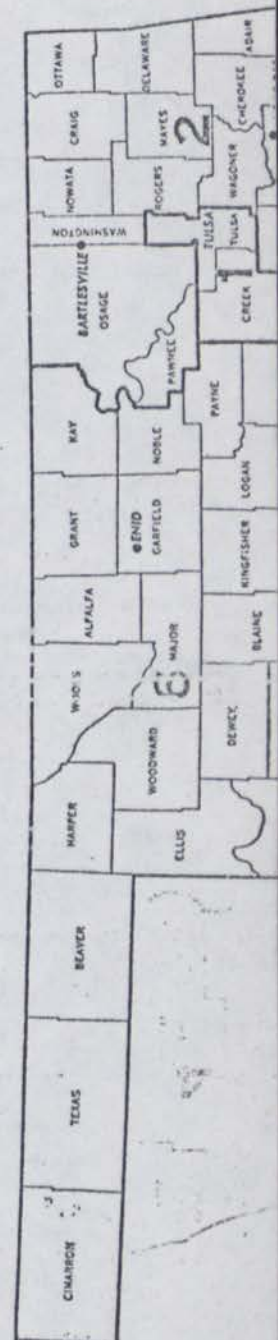
## Louis Stokes (D-21st District)

Cities: Part of Cleveland  
Hometown: Cleveland

## Representatives

7-D

17-R





HOWARD W. ROBISON (R-New York)

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TEL. #225-6335

OFFICE #2330 RHOB

Administrative Assistant: Charles O. Ingraham

Secretary: Mrs. Karen Fitzgerald

Our contact:

Member since January 14, 1958 (13 years)

Elected for 8 terms (85th through 92nd Congresses)

Committees:

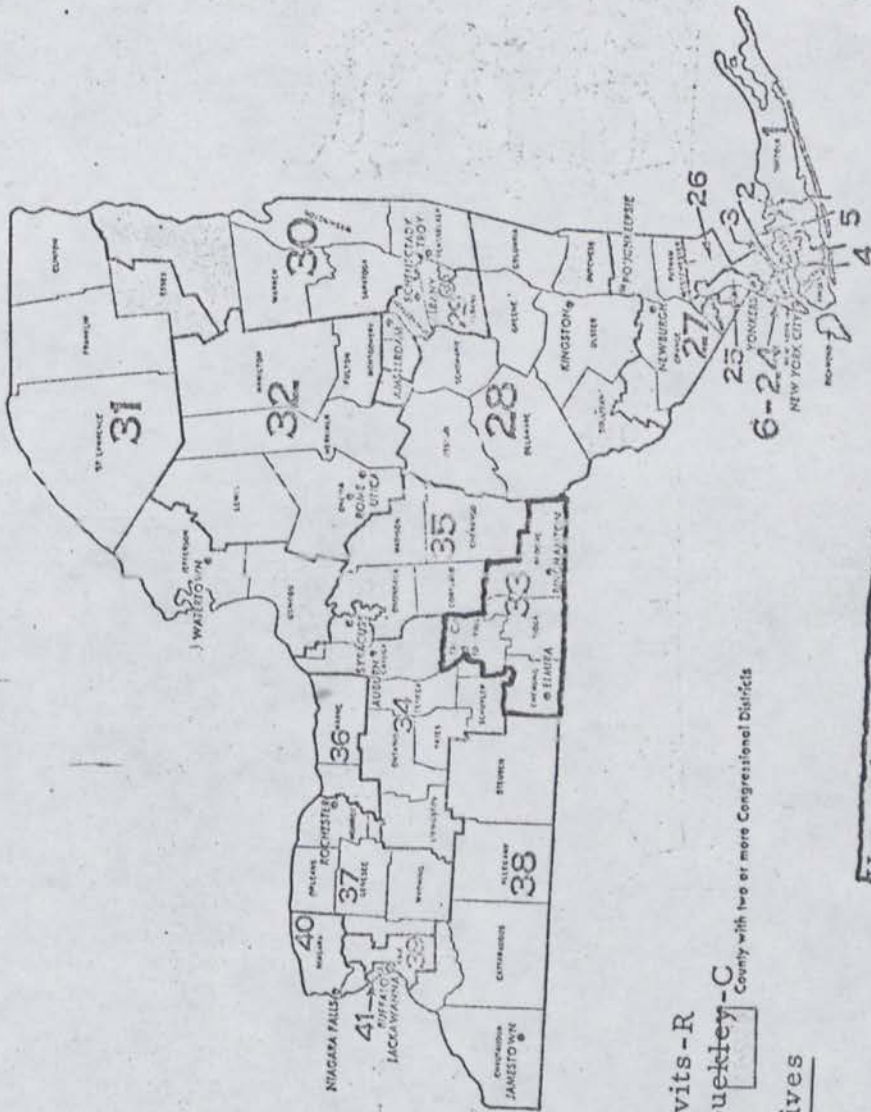
Appropriations

THIRTY-THIRD DISTRICT.—COUNTIES: Broome, Chemung, Tioga, Tompkins, except the towns of Enfield and Olyssa. Population (1960). 469,453.

HOWARD WINFIELD ROBISON, Republican, of Owego, N.Y.; born in Owego, N.Y., October 30, 1915; educated at Cornell University, Ithaca, N.Y., A.B. 1937 and LL.B. 1939; profession, attorney at law; served in the United States Army, Counter Intelligence Corps, 1942-46; married to Gertrude L. Frederick in Endicott, N.Y., November 1, 1946; served as county attorney, Tioga County, N.Y., 1946-58; elected to the 85th Congress in a special election January 14, 1958, to fill the vacancy caused by resignation of Sterling Cole; re-elected to the 86th, 87th, 88th, 89th, 90th, 91st, and 92d Congresses.

# NEW YORK

(41 districts)



## Senators

Jacob K. Javits-R

James L. Buckley-C

County with two or more Congressional Districts

## Representatives

24-D

17-R

**Howard W. Robison (R-33rd District)**

Cities: Binghamton

Elmira

Ithaca

Hometown: Owego

Index



JACK EDWARDS (R-Alabama)

TEL. #225-4931  
OFFICE #137 CHOB

Administrative Assistant: David C. Pruitt III  
Secretary: Shirley Jo Hays  
Our contact:

Member since January 3, 1965 (6 years)  
Elected for 4 terms (89th through 92nd Congresses)

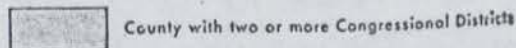
Committees:

Appropriations

**FIRST DISTRICT.**—COUNTIES: Choctaw, Clarke, Mobile, Monroe, Washington, and Wilcox (6 counties).  
Population (1960), 414,302; estimated to July 1969, 415,000.

JACK EDWARDS, Republican, of Mobile, Ala.; born in Birmingham, Ala., September 20, 1928; attended the public schools of Homewood, Ala., and the U.S. Naval School (academy and college preparatory) 1947-48; served in U.S. Marine Corps July 1946 to July 1948 and from September 1950 to September 1951; graduated from the University of Alabama, B.S. 1952 and LL.B. 1954; president of Student Government Association; was admitted to the bar and practiced law in Mobile since 1954; taught business law in 1954; elder in Presbyterian Church; married the former Jolene Vander Sys of Mobile January 30, 1954; two children, Susan Lane and Richard Arnold; selected as one of Outstanding Young Men of America by U.S. Junior Chamber of Commerce, 1964; elected to the 89th Congress November 3, 1964; reelected to the 90th, 91st, and 92d Congresses; serves on Committee on Appropriations.

(8 districts)



## 3-R

Hometown: Mobile



DONALD W. RIEGLE (R-Michigan)

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TEL. #225-3611  
OFFICE #1408 LHOB

Administrative Assistant: Carl W. Blake  
Secretary: Mrs. Kathleen I. Sadler  
Our contact:

Member since January 3, 1967 (4 years)  
Elected for 3 terms (90th through 92nd Congresses)

Committees:

Appropriations

SEVENTH DISTRICT.—COUNTIES: Genesee and Lapeer (2 counties). Population (1960), 416,239; estimated to July 1969, 513,000.

DONALD W. RIEGLE, Jr., Republican of Flint, Mich.; born in Flint, Mich., February 4, 1938; attended Flint public schools; graduate of Flint Central High School; attended Flint Junior College and Western Michigan University; B.A. in Business Administration and Economics, University of Michigan, 1960; MBA in Finance, Michigan State University, 1961; writing dissertation for Doctorate in Business/Government Relations from Harvard Business School; employed by International Business Machines Corp., 1961-64; former consultant for Harvard/MIT Joint Center on Urban Studies working on ghetto rehabilitation in New York's Harlem; former college teacher and faculty member at Michigan State University, Boston University and Harvard University; named one of the Ten Outstanding Young Men of the Nation in 1967, by the U.S. Junior Chamber of Commerce; named one of the two best Congressmen of the year 1967 by The Nation magazine; in 1970 received honorary doctor of laws degrees from Denison College in Ohio, and St. Benedict's College in Kansas; elected to the 90th Congress, November 8, 1966; reelected to 91st and 92d Congresses; member, Committee on Appropriations.

# MICHIGAN

(19 districts)



## Senators

Philip A. Hart-D  
Robert P. Griffin-R

**Donald W. Riegle, Jr. (R-7th District)**

Cities: Flint

Lapeer

Hometown: Flint

## Representatives

7-D

12-R

Index



JOHN T. MYERS (R-Indiana)

---

TEL. #225-5805  
OFFICE #103 CHOB

Administrative Assistant: Mrs. Dorothy D. Jessup  
Secretary: Ronald L. Hardman  
Our contact:

Member since January 3, 1967 (4 years)  
Elected for 3 terms (90th through 92nd Congresses)

Committees:

Appropriations

SEVENTH DISTRICT.—COUNTIES: Brown, Clay, Fountain, Greene, Hendricks, Martin, Monroe, Montgomery, Owen, Parke, Putnam, Sullivan, Vermillion, Vigo, and Warren (15 counties). Population (1960), 426,620; estimated to July 1969, 490,000.

JOHN THOMAS MYERS Republican, of Covington, Ind.; born February 8, 1927, and has resided there all his life; attended grade and high schools in Covington, was graduated from Indiana State University in 1951, B.S. degree; during World War II, served in the U.S. Army in Europe; Cashier and Trust Officer with The Fountain Trust Co.; owns and operates a livestock farm; member of the American Legion, Veterans of Foreign Wars, Masonic orders, Elks, Lions, Wabash Valley Association, Reserve Officers Association, Sigma Pi, Chamber of Commerce, and the Episcopal Church; married the former Carol Carruthers of Chicago, Ill.; two daughters, Carol Ann and Lori Jan; elected to the 90th Congress November 8, 1966; reelected to 91st and 92d Congresses.

(11 districts)



51-915\*—71—59

Birch Bayh-D

6-R

Hometown: Covington



mtg  
Hearing

April 26, 1971

MEMORANDUM

To: Mr. Clark MacGregor  
From: Mr. Clay T. Whitehead

Re: Meeting with Congressman Torbert Macdonald

I thought you might be interested in the results of a one-hour meeting I had this afternoon with Congressman Torbert Macdonald, Chairman of the Communications and Power Subcommittee of the House Interstate and Foreign Commerce Committee.

We discussed the communications industry in general and the role of the Office of Telecommunications Policy in formulating policy for the Administration. Congressman Macdonald used this occasion to express his feelings on the Campaign Spending bill. He indicated that he will introduce legislation sometime this week that will, in brief, repeal Section 315 (for Presidential candidates only) and limit overall campaign spending. Unlike the Senate version, Congressman Macdonald's bill is being written so that only his Committee will have jurisdiction over it. He was uncertain as to when hearings will be held on his bill, but it is safe to assume nothing will happen until the month of June. Beginning next week his Committee has scheduled three weeks of power hearings followed by one week on miscellaneous communications bills.

As I'm sure you know he expressed great dissatisfaction with the President for vetoing last year's bill which had passed his Subcommittee unanimously and the overall Committee with only one dissenting vote. In order to avoid an unnecessary repeat of last year's veto problem, he asked me to keep the lines of communications open between the White House and his Committee.

Tuesday 2/16/71

4:55 FRANK URBANY:

The persons to talk with for info or background  
material for the Appns. Subcommittees:

Jack Calkins	(For Congressmen)	Li. 4-3010
Executive Director		
Congressional Committee		

Lee Nunn	(For Senators)	225-2351
Senatorial Committee		



2-15

OFFICE OF TELECOMMUNICATIONS POLICY  
WASHINGTON

Ev -

Can you call some one at  
Republican National Committee  
that I can talk to re  
background material etc  
on Congressmen & senators  
so that we can be more  
effective in getting our  
message across esp  
to. appropriations  
sub. committee

J.

2-16

OFFICE OF TELECOMMUNICATIONS POLICY  
WASHINGTON

En -

Can you call some one at  
Republican National Committee  
that I can talk to re  
background material etc  
on Congressmen & senators  
so that we can be more  
effective in getting our  
message across esp  
to. appropriations  
sub. committee

J.



Tuesday 2/16/71

2:55 Tom had suggested that I tell Frank Urbany if we can be of any assistance with the material he asked Frank to get, we'd be glad to help. Possibly calling Millie Bighinatti at the Republican National Committee.

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

February 10, 1971

MEMO FOR TOM WHITEHEAD

From: Frank J. Urbany

Subject: House Appropriations Treasury and Executive Offices  
Subcommittee

1. We have been advised that the Appropriations Subcommittee handling OTP affairs is now titled "Treasury and Executive Offices Subcommittee" and is composed of the following members:

Steed (D. Ohio) - Chairman	Robison (R. N.Y.)
Passman (D. La.)	Edwards (R. Ala.)
Addabbo (D. N.Y.)	Riegle (R. Mich.)
Roybal (D. Calif.)	Myers (R. Ind.)
Stokes (D. Ohio)	

Attached are biographic sketches of the Committee members.

2. Representative Stokes of Ohio made a very pointed and successful bid to be named to the House Appropriations Committee. During the 91st Congress, he served on both the Committee on Education and Labor and the Committee on Internal Security. He is the brother of the Mayor of Cleveland who, I believe, will be one of the participants at the CATV Conference this weekend where you are the featured luncheon speaker.

Attachment

cc:  
Dr. Mansur  
Mr. Doyle



**FOURTH DISTRICT.**—COUNTIES: Caddo, Cleveland, Comanche, Grady, Greer, Harmon, Jackson, Kiowa, McClain, Oklahoma (that portion described as State Senate District Number 42 and that portion of House District Number 96 not otherwise included in State Senate District Number 42, as now defined and described in Title 14, Oklahoma Statutes, Section 79), Pottawatomie, Tillman, and Washita. Population (1960), 399,000; estimated to July 1969, 451,000.

**TOM STEED**, Democrat, of Shawnee, Okla.; born on a farm near Rising Star, Tex., March 2, 1904; served 20 years as newspaperman on Oklahoma dailies, including 4 years as managing editor of Shawnee News and Star; enlisted October 29, 1942, as private in Antiaircraft Artillery, released from active duty in May 1944, with rank of second lieutenant; joined Office of War Information July 1, 1944, and served in information division in India-Burma theater until December 1945; married February 26, 1923, to Hazel Bennett; one son, Richard N., Navy veteran; another son, Second Lieutenant Roger Steed, U.S.M.C., killed in line of duty as fighter pilot in China in May 1947; elected to the 81st Congress on November 2, 1948; reelected to 82d, 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, and 91st Congresses.

**FIFTH DISTRICT.**—PARISHES: Caldwell, Catahoula, Concordia, East Carroll, East Feliciana, Franklin, Jackson, Lincoln, Madison, Morehouse, Ouachita, Richland, St. Helena, Tensas, Union, West Carroll, and West Feliciana (17 parishes). Population (1960), 386,768; estimated to January 1969, 425,360.

**OTTO ERNEST PASSMAN**, Democrat, of Monroe, La.; born on a farm in Washington Parish, near Franklinton, La., June 27, 1900, of Irish-French-Holland Dutch extraction; married; owner of Passman Investment Co., Monroe, La.; served as officer in U.S. Navy during World War II; member, First Baptist Church, Monroe, La.; past State Commander, American Veterans of World War II, Inc.; member, American Legion; 33d degree Scottish Rite Mason; member, Red Cross of Constantine of York Rite of Freemasonry; past Grand Master, Grand Lodge of the State of Louisiana, Free and Accepted Masons; elected on November 5, 1946, to the 80th Congress; reelected to the 81st, 82d, 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, and 91st Congresses.

**SEVENTH DISTRICT.**—QUEENS COUNTY: Southern part from Queens-Nassau dividing line at 136th Avenue, east to Springfield Boulevard, north along Springfield Boulevard to Jamaica Avenue, east to Van Wyck Expressway, south to Atlantic Avenue, east to Woodhaven Boulevard, north to Myrtle Avenue, east to 86th Street to Metropolitan Avenue, east to Brooklyn-Queens dividing line, south to Jamaica Bay, west to Queens-Nassau dividing line. Population (1960), 431,598; estimated to July 1969, 480,000.

**JOSEPH PATRICK ADDABBO**, Democrat, of 132-43 86th Street, Ozone Park, N.Y.; born March 17, 1925, in Queens, N.Y., son of Dominick and Anna Addabbo; attended P.S. 59, Boys' High School in Brooklyn, City College for 2 years, and graduated St. John's Law School, J.L.B. degree; married the former Grace Salamone; three children, Dominic, Dina, and Joseph; engaged in the general practice of law in Ozone Park; active in civic and community affairs; member of Queens County Bar Association; elected to the 87th Congress November 8, 1960; reelected to the 88th, 89th, 90th, and 91st Congresses.

**THIRTIETH DISTRICT.**—COUNTY OF LOS ANGELES: Beginning at the intersection of Franklin and La Brea Avenues, southerly along La Brea to San Vicente Boulevard to Venice Boulevard; thence easterly on Exposition Boulevard, southerly to 10th Avenue to Exposition Boulevard; thence easterly on Exposition to Vermont Avenue; thence northerly to Pico Boulevard; thence easterly on Pico to Union Avenue, northerly to Olympic Boulevard; thence southeasterly to Alameda Street; thence southerly to boundary of the city of Los Angeles near 25th Street; thence easterly and northerly along boundary to Blanchard Street; thence easterly on Blanchard to Eastern Avenue; thence northerly along Eastern to San Bernardino Freeway; thence westerly to Indiana Street, northerly to Valley Boulevard; thence westerly to Mission Road to Golden State Freeway, northerly to Pasadena Freeway, southwesterly to Hollywood Freeway; thence northwesterly to Franklin Avenue to point of beginning at intersection of Franklin and La Brea. Population (1960), 390,813; estimated to July 1969, 450,000.

**EDWARD R. ROYBAL**, Democrat, of Los Angeles, Calif.; born in Albuquerque, N. Mex., February 10, 1916; moved to Los Angeles in 1922 and attended the public schools; graduated from Roosevelt High School in 1934 and then joined the Civilian Conservation Corps until April 1, 1935; trained in business administration at the University of California at Los Angeles, and at Southwestern University in Los Angeles, Calif.; served in the U.S. Army from 1944 to 1945; married the former Lucille Beserra of Los Angeles, September 27, 1940; three children—Lucille (Mrs. Lucille Olivares), Lillian (Mrs. Lillian Rose), and Edward R., Jr.; social worker and public health educator with the California Tuberculosis Association and a director of health education for the Los Angeles County Tuberculosis and Health Association 1942-49; member of the Los Angeles City Council 1949-62 and served as president pro tempore from July 1961; chairman of the board of Eastland Savings & Loan Association; member of the Knights of Columbus and American Legion; honorary doctor of law degree, Pacific States University; elected to the 88th Congress November 6, 1962; reelected to the 89th, 90th, and 91st Congresses.



**TWENTY-FIRST DISTRICT.**—CUYAHOGA COUNTY: That portion contained within the limits of wards 10, 13 through 16, 18, 20, 21, 23 through 25, 27, 28, and 30, all in the municipal corporation of Cleveland, and the townships of Newburgh Heights and South Newburgh-Warrensville. Population (1960), 405,862; estimated to January 1962, 410,000.

**LOUIS STOKES**, Democrat, of Cleveland, Ohio; born in Cleveland, February 23, 1925, son of Louise Stokes; father, Charles, deceased; educated at Cleveland College of Western Reserve University, 1946-48; Cleveland Marshall Law School, 1948-53, juris doctor degree; veteran of U.S. Army, 1943-46, honorably discharged; practicing attorney in Cleveland, Ohio, since 1954; member of law firm of Stokes, Character, Terry & Perry, admitted to practice before Supreme Court of the United States; recipient of numerous civic awards including Cleveland Branch, NAACP, and U.S. Commission on Civil Rights; previous board member of Cleveland and Cuyahoga County Bar Associations; past chairman Ohio State Bar Association Criminal Justice Committee; lectured and written articles for universities and bar associations; member of numerous civic and legal organizations; Methodist, St. Paul A.M.E. Zion Church; married Jeanette (Jay) Francis; four children, Shelley, Angela, Louis C., and Lorene; brother of Carl B. Stokes, mayor of Cleveland, Ohio; elected to 91st Congress November 5, 1968; member: House Committee on Education and Labor and Committee on Internal Security.

**THIRTY-THIRD DISTRICT.**—COUNTIES: Broome, Chemung, Tioga, and Tompkins (4 counties). Population (1960), 415,333; estimated to July 1962, 452,100.

**HOWARD WINFIELD ROBISON**, Republican, of Owego, N.Y.; born in Owego, N.Y., October 30, 1915; educated at Cornell University, Ithaca, N.Y., A.B. 1937 and LL.B. 1939; profession, attorney at law; served in the United States Army, Counter Intelligence Corps, 1942-46; married to Gertrude L. Frederick in Endicott, N.Y., November 1, 1946; served as county attorney, Tioga County, N.Y., 1946-58; elected to the 85th Congress in a special election January 14, 1958, to fill the vacancy caused by resignation of Sterling Cole; reelected to the 86th, 87th, 88th, 89th, 90th, and 91st Congresses.

**FIRST DISTRICT.**—COUNTIES: Choctaw, Clarke, Mobile, Monroe, Washington, and Wilcox (6 counties). Population (1960), 414,392; estimated to July 1962, 415,000.

**JACK EDWARDS**, Republican, of Mobile, Ala.; born in Birmingham, Ala., September 20, 1928; attended the public schools of Homewood, Ala., and the U.S. Naval School (academy and college preparatory) 1947-48; served in U.S. Marine Corps July 1946 to July 1948 and from September 1950 to September 1951; graduated from the University of Alabama, B.S. 1952 and LL.B. 1954; president of Student Government Association; was admitted to the bar and practiced law in Mobile since 1954; taught business law in 1954; elder in Presbyterian Church; married the former Jelene Vander Sys of Mobile January 30, 1954; two children, Susan Lane and Richard Arnold; selected as one of Outstanding Young Men of America by U.S. Junior Chamber of Commerce, 1964; elected to the 89th Congress November 3, 1964; reelected to the 90th and 91st Congresses; serves on Committee on Appropriations.

**SEVENTH DISTRICT.**—COUNTIES: Genesee and Lapeer (2 counties). Population (1960), 416,239; estimated to July 1962, 513,000.

**DONALD W. RIEGLE, Jr.**, Republican of Flint, Mich.; born in Flint, Mich., February 4, 1938; attended Flint public schools; graduate of Flint Central High School; attended Flint Junior College and Western Michigan University; B.A. in Business Administration and Economics, University of Michigan, 1960; MBA in Finance, Michigan State University, 1961; writing dissertation for Doctorate in Business/Government Relations from Harvard Business School; employed by International Business Machines Corp., 1961-64; former consultant for Harvard/M.I.T. Joint Center on Urban Studies working on ghetto rehabilitation in New York's Harlem; former college teacher and faculty member at Michigan State University, Boston University and Harvard University; named one of the Ten Outstanding Young Men of the Nation in 1967, by the U.S. Junior Chamber of Commerce; named one of the two best Congressmen of the year 1967 by THE NATION magazine; selected by the John F. Kennedy Institute of Politics at Harvard University, as a Resident Scholar in 1969; married Nancy E. Brandt of Flint, Mich., in 1957; two daughters, Catherine Anne and Laurie Elizabeth, and one son, Donald W. Riegle III; elected to the 90th Congress, November 8, 1966; reelected to the 91st Congress; member, Committee on Appropriations.

**SEVENTH DISTRICT.**—COUNTIES: Brown, Clay, Fountain, Greene, Hendricks, Martin, Monroe, Montgomery, Owen, Parke, Putnam, Sullivan, Vermillion, Vigo, and Warren (15 counties). Population (1960), 426,620; estimated to July 1962, 490,000.

**JOHN THOMAS MYERS**, Republican, of Covington, Ind.; born February 8, 1927, and has resided there all his life; attended grade and high schools in Covington; was graduated from Indiana State University in 1951, B.S. degree; during World War II, served in the U.S. Army in Europe; Cashier and Trust Officer with Fountain Trust Co.; owns and operates a livestock farm; member of the American Legion, Veterans of Foreign Wars, Masonic orders, Elks, Lions, Wabash Valley Association, Reserve Officers Association, Sigma Pi, Chamber of Commerce, and the Episcopal Church; married the former Carol Carruthers of Chicago, Ill.; two daughters, Carol Ann and Lori Jan; elected to the 90th Congress November 8, 1966; reelected to the 91st Congress.



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

February 10, 1971

MEMO FOR TOM WHITEHEAD

From: Frank Urbany

Subject: OTP Now Under Jurisdiction of the House Appropriations  
Subcommittee on Treasury and Post Office

1. Have just been advised that OTP has been transferred from the Subcommittee on Independent Offices to the Subcommittee on Treasury and Post Office, chaired by Tom Steed, D. Okla., (biographical sketch attached). Other activities, including OEP, Civil Defense, and Disaster Assistance have also been transferred to the same Subcommittee. (Understand that the title is being changed, dropping "Post Office.")
2. Joe Evins is moving over to become Chairman of the Subcommittee on Public Works and will be succeeded by Rep. Boland.
3. I will be getting in touch with the Subcommittee's Staff Assistant, Tex Gunnels, to get the makeup of the full Subcommittee and to coordinate our Budget submission.

Attachment

seven grandchildren; elected to the 82d Congress November 7, 1960; reelected to the 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, and 91st Congresses; ranking member of the Committee on Agriculture; represents Oklahoma and 12 other States on the powerful House Republican Policy Committee, which formulates the policy of the Republican Party.

**SECOND DISTRICT.**—COUNTIES: Adair, Cherokee, Craig, Delaware, McIntosh, Mayes, Muskogee, Nowata, Okfuskee, Okmulgee, Osage, Ottawa, Pawnee, Rogers, Sequoyah, Wagoner, and Washington (17 counties). Population (1960), 382,445.

**ED EDMONDSON**, Democrat, of Muskogee, Okla.; born in Muskogee, April 7, 1919; educated in Muskogee public schools; A.B. from University of Oklahoma in 1940; LL.B. from Georgetown University Law School in 1947; served with FBI, 1940–43; United States Navy, 1943–46; married Miss June Maureen Pilley in 1944; four sons, James Edmond, William Andrew, John Martin, Brian Thomas, and one daughter, June Ellen; admitted to practice of law in District of Columbia and Oklahoma in 1947; elected county attorney of Muskogee County, Okla., 1948; reelected 1950; member, American Legion, Veterans of Foreign Wars, First Presbyterian Church of Muskogee, Okla., Masonic Lodge, Elks, Kiwanis, Phi Delta Phi legal fraternity, Phi Beta Kappa, and Phi Gamma Delta; elected to the 83d Congress November 4, 1952; reelected to the 84th, 85th, 86th, 87th, 88th, 89th, 90th, and 91st Congresses.

**THIRD DISTRICT.**—COUNTIES: Atoka, Bryan, Carter, Choctaw, Coal, Cotton, Garvin, Haskell, Hughes, Jefferson, Johnston, Latimer, LeFlore, Love, McCurtain, Marshall, Murray, Pittsburg, Pontotoc, Pushmataha, Seminole, Stephens (22 counties). Population (1960), 396,161; estimated to July 1969, 411,600.

**CARL BERT ALBERT**, Democrat, of McAlester, Okla.; born in McAlester, May 10, 1908; oldest of five children of Ernest Homer and Leona Ann (Scott) Albert; University of Oklahoma, A.B.; Rhodes Scholar, Oxford University, B.A., B.C.L.; Oklahoma City University, LL.D. (honorary); board of trustees, Southern Methodist University; Oklahoma Hall of Fame; World War II service; lawyer; married Mary Harmon of Columbia, S.C., daughter of David Henry and Mary Isabelle (Strange) Harmon; two children, Mary Frances and David Ernest; elected to 80th and succeeding Congresses; Democratic Whip, 84th, 85th, 86th, and first session 87th Congresses; Majority Leader, second session 87th, 88th, 89th, 90th, and 91st Congresses.

**FOURTH DISTRICT.**—COUNTIES: Caddo, Cleveland, Comanche, Grady, Greer, Harmon, Jackson, Kiowa, McClain, Oklahoma (that portion described as State Senate District Number 42 and that portion of House District Number 96 not otherwise included in State Senate District Number 42, as now defined and described in Title 14, Oklahoma Statutes, Section 79), Pottawatomie, Tillman, and Washita. Population (1960), 399,690; estimated to July 1969, 451,600.

→ **TOM STEED**, Democrat, of Shawnee, Okla.; born on a farm near Rising Star, Tex., March 2, 1904; served 20 years as newspaperman on Oklahoma dailies, including 4 years as managing editor of Shawnee News and Star; enlisted October 29, 1942, as private in Antiaircraft Artillery, released from active duty in May 1944, with rank of second lieutenant; joined Office of War Information July 1, 1944, and served in information division in India-Burma theater until December 1945; married February 26, 1923, to Hazel Bennett; one son, Richard N., Navy veteran; another son, Second Lieutenant Roger Steed, U.S.M.C., killed in line of duty as fighter pilot in China in May 1947; elected to the 81st Congress on November 2, 1948; reelected to 82d, 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, and 91st Congresses.

**FIFTH DISTRICT.**—OKLAHOMA COUNTY: All of Oklahoma County save and except that portion thereof described as State Senate District Number 42 and that portion of House District Number 96 not otherwise included in State Senate District Number 42, as now defined and described in Title 14, Oklahoma Statutes, Section 79. Population (1960), 382,721; estimated to July 1969, 461,600.

**JOHN JARMAN**, Democrat, of Oklahoma City, Okla.; born July 17, 1915; education: B.A. degree from Yale University in 1937; LL.B. degree from Harvard Law School in 1941; also attended Westminster College in Fulton, Mo., 2 years prior to attending Yale University; lawyer; member of house of representatives and State senate of Oklahoma Legislature; enlisted and served 47

months  
1945;  
Septen  
Maryl  
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and 91

SIXTH  
Ellis  
Texa

JOH  
Okla.,  
Bank;  
Board  
Mason  
chairm  
memb  
elected