

STAFF PAPER

FEDERAL COMMUNICATIONS ORGANIZATION

President's Advisory Council
on
Executive Organization

11 July 1969

FEDERAL COMMUNICATIONS ORGANIZATION

I. THE PRESENT SITUATION

Following the President's message of August 14, 1967 on Communications Policy, two studies were undertaken. In December 1968, the reports were issued: the Final Report of the (Rostow) Task Force on Communications Policy, (a review of past activities in the field and formulation of national communications policy), and the Bureau of the Budget study of Federal Communications Organization. The second report endorsed most of the major organizational recommendations of the first, particularly on the need for establishing a new executive capability in the telecommunications field. It is likely that we will be asked to comment on these recommendations now that they have reached the stage of a memo for Presidential decision. What follows is a summary of the major organizational recommendations and the objections to their implementation.

II. ISSUES AND PROPOSED CHANGES

A. New Policy Organization -- Both reports recommend forming a new telecommunications policy organization in the executive branch. It would not be concerned with operations. The most controversial aspects of this new organization would be:

1. Consolidating all policy planning and spectrum management functions. This means relieving the Federal Communications Commission (FCC) of all its present policy and management functions in the non-governmental use of communications and leaving it as a solely regulatory body. In addition, the National Communications System (NCS) would give up its policy and management activities in the Federal spheres. The Office

of the Director of Telecommunications Management (DTM) of the Office of Emergency Planning (OEP) which does the policy planning for the NCS and also manages government spectrum frequency would be transferred to the new agency.

a. While both reports suggest reducing the duties of the overloaded FCC and NCS, they would strengthen them in their remaining authority, on the operations side. The FCC should be granted increased common carrier capabilities and the NCS be reorganized and strengthened in its capacity of directing the operations of Federal communications activities. This would include a transfer of major communications functions presently in GSA, to the NCS.

2. Coordinating communications research and development. There is disagreement between the reports over whether to make this a centralized responsibility for all such research or whether it should mean closer use of resources presently available in other agencies and private industry.

B. Placement of the New Organization

The Task Force did not specify where the new policy organization should be placed. BoB considered three alternatives:

1. A separate department : The report contends that the scope of the telecommunications field does not yet warrant this.

2. Place it within an existing Department, e.g.:

a. The Department of Commerce: advantages are availability of research and other resources and freedom from ties to major communications consumers.

- b. The Department of Transportation: advantages are staff experienced in dealing with industrial and other competing forces in telecommunications.
3. Within GSA or NASA: present scope of both agencies is too narrow, according to BoB.

The BoB recommends alternative 2, to begin with the transfer of the Office of the DTM to the Department chosen. In a meeting with PACEO, BoB briefing officers expressed a preference for DOT over Commerce, but this does not come out clearly in the BoB report. The new agency could thus begin with the nucleus from the present DTM.

III. OBJECTIONS TO THE PROPOSED SCHEME

A. The FCC objects to the separation of the managerial from its regulatory tasks. The Task Force suggests that the FCC is not equipped for managerial responsibility, and that the new agency would be an aid, not a competitor. Common carriers and other private interests also oppose the change.

B. General James D. O'Connell, Director of Telecommunications Management, appended a partial dissent to the Task Force Report in which he suggested that there was not sufficient proof of the need for the new agency. He would prefer that additional resources be assigned to the Executive Branch and the FCC, which would lead to the necessary improvements in policy and other areas without the necessity of a new agency.

He also expressed a fear that expanded government managerial capabilities would encroach upon an area of decision-making belonging to industry.

C. Joseph Bartlett, former Under Secretary, Department of Commerce, appended a partial dissent suggesting that the research and development authority of the new organization be expanded even to the sponsoring of research, not just its coordination.

IV. A NEW INTERNATIONAL TELECOMMUNICATIONS AGENCY

The Task Force also recommends the formation of a single U.S. entity for international communications, to combine transmission and switching facilities, and to eliminate the present fragmentation of ownership due to the presence of the Federally sponsored Comsat and the private common carriers.

V. ALTERNATIVES FOR PACEO

This subject is approaching Presidential decision. Peter Flanigan, who is handling this issue for the White House, would like PACEO to advise the President on it. The Council has two options:

A. It can anticipate a request for Presidential advice by putting a staff man on the issue full-time for the next month.

B. It can wait for such a request to come before committing major resources. In the meantime, the existing staff can devote time to monitoring new developments in the area.

The staff recommends the first alternative.