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THE WHITE HOUSE

WASHINGTON

January 16, 1975

Check #16
Ch

MEMORANDUM FOR: DONALD RUMSFELD
FROM: RICHARD B. CHENEY
SUBJECT: Office of Telecommunications Policy

At your request I met with John Eger, OTP's Deputy who is now Acting Director, yesterday (Wednesday, January 15th) to discuss the tentative decision to transfer OTP to the Department of Commerce.

He had clearly already learned of the decision (I understand from a low-level budget examiner in OMB). Tom Whitehead, former Director of OTP, had already written a letter to the President (copy attached at Tab A) arguing against the change.

I informed Eger that I was willing to listen to his arguments and that I would get back to him sometime on Thursday (January 16th) with the decision concerning the FY '76 Budget.

Phil Buchen has also voiced strong opposition to the decision and suggested we should, instead of zero funding OTP for '76, go ahead and put them back in the budget and then undertake our own private ninety-day review of OTP's function and location. A copy of his memo is attached at Tab B.

Attached at Tab C is Eger's correspondence, as well as the original decision memo that went to the President.

Since yesterday, OTP has gone to the press and the Hill in full force; they have generated press stories about the pending transfer, and Senator Baker and Representative Bud Brown have agreed to introduce legislation designed to thwart the move. A copy of the Bill introduced by Baker is attached at Tab D.

At my request Jack Marsh has contacted both Brown and Baker. They indicated that they would intervene if the decision were made to go ahead and abolish OTP or transfer it to Commerce. Jack thinks that to buckle



under to that kind of pressure would set a very bad precedent. He feels this is an area clearly within the prerogative of the President and that we should under no circumstances give in to the suggestion that Congress has a prior right of consultation in this area.

Yet, Congressional opposition has only just begun to surface, and we must have legislation to accomplish the transfer. So far, we are totally without support -- even from the Republicans.

As I see it, there are only two options; either full speed ahead and damn the torpedoes, or a total and immediate about-face to quickly cut our losses.

RECOMMENDATION

With all of this by way of background, my recommendation would be as follows:

1. I think we should put the dollars back into the budget for the Office of Telecommunications Policy for FY '76. Zero funding the Agency is reminiscent of what Nixon did to OEO some three years ago. It is really throwing down the gauntlet. Instead, we should reduce the funding slightly to 40 slots from the current 52.
2. We should immediately notify Baker and Brown to reassure them that no immediate transfer is contemplated.
3. We should not say that we are going to study the problem because that will only keep the issue alive.
4. We should rapidly appoint a very low-key Director to remove the controversy, and direct him to work very closely with the Domestic Council on all projects.
5. Next year, we should re-evaluate whether we have the muscle and the determination to transfer the office.

DECISION:

MP

Restore OTP's budget to the Executive Office, but at the 40-slot level.

Proceed to advocate forcefully the President's decision to transfer OTP.



January 15, 1975

MEMORANDUM FOR: Don Rumsfeld
Phil Buchen
John Eger

FROM: Clay T. Whitehead

I have now learned that OMB has changed the FY 76 budget to show "zero" for OTP. For the sake of good government, and in the President's interest, they should be directed to restore the normal amount. Here's why:

1. Such "surprise" action without prior consultation of Congress, states, industry, public, and concerned agencies in an apparent attempt to "put one over" was a hallmark of the Nixon Administration that should not be carried over into the Ford Administration.
2. It is well known that Roy Ash "has it in" for OTP and has since he opposed our public broadcasting finance plan and got burned on the AT&T competition/antitrust issue. The OMB staff thinks OTP serves a useful purpose and should be left alone.
3. The proposal to do away with OTP makes sense only in a superficial way in the heat of "doing something" about the Executive Office size. If the President takes precipitous action, he will have his own Defense Department in opposition. Congressional hearings and press stories will link his action to sensitive issues of antitrust, First Amendment, network influence at the White House, control of the FBI, etc.
4. During all this, the President will have no way of dealing constructively with communications issues. White House staff hasn't the expertise or experience and is susceptible to charges of political interference; the crippled OTP could not have a new Director with the President's confidence; and the FCC Chairman has to stay clear of Administration influence.



5. The right way to handle this matter, on the merits and in the President's interest, is to show a normal OTP budget in the FY 76 budget and then have the President publicly ask for a 90-day review under the Domestic Council and NSC processes of how the Executive Branch should be organized to deal with the important and sensitive questions of communications policy. There is ample time to take "attention-getting " action later in the Spring after the issue has had a thorough public airing.

The two previous Presidents have had suspect motives in dealing with communications issues. The whole subject is over-politicized, and people are suspicious of anything like this. For Heaven's sake, let's get this President off on the right foot. I'll do all I can to help the President get what he wants in a considered review. But I would have no choice but to oppose him strongly and actively if he goes ahead in this precipitous way.

B



THE WHITE HOUSE

WASHINGTON

January 15, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: Phil Buchen *Phil*

People with whom I became closely associated during my Intelsat and Comsat days and during the work of the Privacy Committee have called my attention to serious problems you are likely to have if the decision to do away with the Office of Telecommunications Policy is handled abruptly by the decisive means of eliminating any budget figure for its continuance in the FY 76 budget.

The decision could be deferred and still have an effect in FY 76 if it were to be preceded by an NSC and Domestic Council 90-day review of how responsibilities for communications matters should be properly assigned within the Executive branch. This would permit views of DOD and Justice in particular to be heard and would allow consultations with key Senators such as Senator Pastore and with all the government departments and some of the private industries affected.

Also, restoration of the original OTP budget figure for FY 76 would also include the proposed line-item figure within its budget for the Privacy Committee staff which (although it may not continue as such) should not have its demise signaled as abruptly as it would be if OTP is to have no possibility of funding for this or any other purpose. The work of the Privacy Committee is still very much identified with your early initiatives as Vice President and its existence is important and a big plus for you.

Would be glad to discuss these points further with you.



C

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

January 14, 1975

DEPUTY DIRECTOR

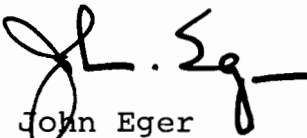
Honorable Donald Rumsfeld
Assistant to the President
The White House
Washington, D.C. 20500

Dear Mr. Rumsfeld:

Attached is a letter to the President which I hope you will call to his immediate attention. It is most important that the President deal with this sensitive area in a deliberate way. It would be most unfortunate and embarrassing to the President if the rush of budget making forced the President to make a decision that was inadequately considered.

I strongly urge that the President's budget for FY 76 show the full \$9.287 million for OTP and that a public review involving all the governmental departments affected by a realignment of this Office's functions be conducted within the next 60-90 days.

Sincerely,


John Eger
Acting Director

Attachment



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

January 14, 1975

DEPUTY DIRECTOR

Mr. President
The White House
Washington, D.C.

Dear Mr. President:

I have just learned of your intention to dismantle the Office of Telecommunications Policy by transferring its major responsibilities to the Department of Commerce.

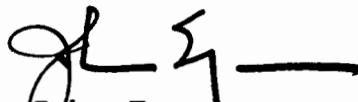
Although we were aware of and contributed our views to the Domestic Council staff review of alternatives for the future of OTP, I honestly do not believe that the review was anywhere near complete or deep enough to serve as a basis for action to dismantle the Office. Three decades of deliberation by Presidential task forces, GAO, OMB, and the FCC, legislative hearings, and industry and public debate have consistently supported the need for an entity in the Executive Office to maintain expertise and coordinate the policies and planning of the Executive Branch in this complex and rapidly growing area.

The function of OTP in the Executive Office is vital for national security, and the growing importance of communications in our national life require more, not less, leadership and visibility.

Mr. President, I respect the considerations that may have led you to this intention. But I urge you to delay implementation until a thorough study and analysis involving all the concerned Executive Departments, the Congress, and the public to assure that your Administration deliberately strengthens, rather than inadvertently weakens, the Government's ability to deal with the important area of communications policy.

I also request the opportunity to meet with you to present the views of this Office, as the President's principal adviser on telecommunications issues.

Very sincerely,


John Eger
Acting Director



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

January 8, 1975

DEPUTY DIRECTOR

MEMORANDUM FOR KENNETH R. COLE, JR.

FROM: John Eger, Acting Director *JE*

SUBJECT: OTP's Placement in the Executive Office.

In the face of a suggestion that most of OTP's functions be moved to the Department of Commerce, you have requested that we explain why OTP should remain intact within the Executive Office. There are four principal reasons:

- 1) telecommunications authority is tied closely to Presidential responsibilities for national security;
- 2) conflicting demands for telecommunications capability within the Federal Government require resolution at the Executive Office level;
- 3) effective implementation of policy depends on the authority and visibility that are conferred by Executive Office status; and
- 4) telecommunications is increasingly important to our society, and requires direct Presidential involvement.

The Executive Branch's capability for telecommunications management, coordination, and policy formulation has been studied almost continuously for nearly three decades (see Tab A). These studies resulted in consistent recommendations to establish in the Executive Office an organization with the stature, authority, and resources to provide a focal point for policy development. Recommendations to delegate the President's telecommunications authority to Commerce were rejected and OTP was created.

Under Reorganization Plan No. 1 of 1970 and Executive Order 11556 (see Tab B), OTP performs two essential functions, which would be, in effect, lost to the President if OTP were fragmented:



- 1) serves as advisor and spokesman on communications policy, covering a wide range of domestic, international, Government, and private sector issues; thereby facilitating Presidential direction of communications policy and systems use.
- 2) formulates policies and coordinates cost-effective operations for Government communications systems, including assigning and managing frequencies used by Federal agencies, exercising the President's statutory responsibilities (Communications Act and Comsat Act), and providing policy direction for the National Communications System and emergency communications.

OTP is not a narrow, operational office placed in the Executive Office to serve as a spokesman for some special interest. Rather than being a "narrow" concern, telecommunications touches all other Government and private sector activities and represents some 5 percent of GNP and \$10 billion in Federal expenditures in FY 1974. If OTP is "operational," it is only in some aspects of its frequency assignment function, which would not be transferred under the Commerce option. Moreover, OTP serves as spokesman for no "special interest." In its policy-making function, OTP serves as spokesman for and represents the interest of the President. It was intended to perform this role and has performed it, often with the direct participation of the President, key White House aides, and Cabinet officers, in such issues requiring Presidential attention as the structure of the domestic and international communications satellite industry, cable television policy, broadcast license renewal policy, communications-computer privacy matters, use of telecommunications for national security purposes, and international communications capability. In short, OTP is a vital instrument of Presidential leadership in a critically important field, in which the only other comprehensive governmental expertise is to be found in an independent regulatory agency not subject to Presidential direction. Whether the Commerce option is viewed simply as the fragmentation of OTP functions or is considered the first step of a plan to remove OTP completely from the Executive Office, the four reasons for OTP's placement in the Executive Office summarized above and discussed below must be given heavy weight.

First, telecommunications is imbued with Presidential responsibilities for national security. The Communications Act vests in the President broad authority over telecommunications in times of war or national emergency, and reserves to him the responsibility for assigning radio frequencies for Federal Government use--of which the largest single use is for national security and defense purposes. Because of constitutional responsibilities for foreign policy and national security, which require rapid, reliable and secure communications





for the direction of U.S. activities on a world-wide basis, the President must have (and always has had since World War II) a close, high-level advisor on telecommunications. This requirement would not disappear if the Commerce option were chosen, and the remnant of OTP retained in the Executive Office could not meet this need adequately.

Second, the need for objectivity, independence, and high-level authority in resolving conflicts for frequency use among Federal agencies justifies OTP's placement in the Executive Office. The radio spectrum is a limited resource, provided as a "free good" worth billions of dollars, which, like dollars, must be allocated among Federal agencies that have burgeoning needs for frequencies. This allocations process not only provides the President a mechanism for oversight and direction of the Executive Branch, it requires Presidential status so that allocation decisions will be accepted and directives followed, and that the interests of all Federal agencies will be considered. While OTP, like OMB, could perform the allocations function outside the Executive Office, it could not perform it as efficiently or effectively.

While many frequency assignment questions have been resolved within an interdepartmental committee, this is due in large part to the fact that an Executive Office entity chairs the committee and makes non-appealable decisions on assignment questions. If OTP did not exist or were severely impaired, the committee's recommendations would be appealed routinely to the White House staff, which would have little basis on which to resolve often acute and substantial conflicts. The unacceptability of Commerce as the location for OTP functions was noted by the Secretary of Defense, responding to a 1969 proposal to place the President's communications authority in Commerce. He stated that the only acceptable location for such authority was in the Executive Office. This view applies to more than frequency assignments.

Third, OTP's Executive Office location is essential to achieving compliance with policy directives regarding the planning, coordination, and management of the Government's vast and often duplicative telecommunications systems. These directives are often aimed at eliminating unnecessary systems and promoting shared use, and hence are at odds with the parochial interests of affected agencies. It is unlikely that Commerce or any other Department could obtain voluntary compliance from other Federal agencies to such policies or directives. Either a statutory base of operational authority or continuous Executive Office involvement would be necessary for effective exercise of the OTP coordination and planning functions. Its position in the Executive Office gives OTP a basis for influencing Federal telecommunications without direct operational involvement. Similarly, the Federal frequency assignment function and the Federal telecommunications coordination and planning function are complementary, and should be exercised by one entity to derive the full effectiveness

of each. Control over the radio frequency spectrum can and should be used to support efforts to reduce the proliferation of systems and to encourage the most cost-effective developments.

Fourth, OTP's status as an Executive Office entity provides the most effective instrument for Presidential leadership in the telecommunication field. The economic and societal impact of all forms of electronic communication, including new technologies such as cable and satellite communications and computer teleprocessing, is growing rapidly. This reason alone brings telecommunications policy making within the Presidential sphere. Moreover, such issues as privacy of communications, pay TV, cable and satellite communications, public broadcasting, regulatory reform of the FCC, and the increased role of competition in the regulated communications industries are becoming increasingly important items on the congressional and the national agendas. The need for Presidential initiatives is clear, and OTP has already provided the President with sound policy recommendations on many of these issues. To the extent that there have been past lapses in OTP's performance of its role as advisor to and spokesman for the President, they are correctable with improved White House-OTP coordination, including placing the OTP Director on the Domestic Council.

Despite the fact that Commerce already has some limited capability in telecommunications, it is largely technical in nature and exists primarily to support OPT. Commerce has provided adequate support to OTP in its frequency assignment role. Commerce's support of OTP policy-making, however, has been inadequate and, consequently, has been the object of OMB recommendations to reorganize and reduce this support function. In light of this record of experience, the transfer of OTP's policy development and advisory role to Commerce would be highly controversial in the Congress and the Federal establishment. Even if fragmenting OTP by retaining only a small staff in the Executive Office to assign radio frequencies avoided a legislative battle, it would be self-defeating for the President to divest himself of a direct policy role in telecommunications. More likely this move would be perceived as the first step to abolish OTP without legislative authority. All that the Commerce option would achieve would be a reduction of some Executive Office staff, and this at the price of an extended battle and a severe diminution of effective policy making capability.



THE WHITE HOUSE

WASHINGTON

January 9, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Office of Telecommunications Policy Organization

Although I understand you have already made a tentative decision to remove OTP from the Executive Office for budgetary reasons, this is a particularly thorny problem and I urge you to consider the attached memorandum carefully before reaching a final decision.

Handwritten signature



THE WHITE HOUSE

WASHINGTON

January 9, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Office of Telecommunications Policy Organization

You recently requested a memorandum exploring options for the possible re-organization of the Office of Telecommunications Policy (OTP).

BACKGROUND:

Telecommunications is essential to the economy (5 percent of GNP), to the Federal Government (some \$10 billion of the FY '74 budget), and to society generally, as the principal means of information exchange. The Federal Government's legal authority over communications is presently divided almost equally between the FCC and the President: The FCC deals with the allocation and use of communications frequencies and systems by private industry and non-Federal governments, and the President exercises similar authority over the largest single use of communications--the Federal Government.

The explosive growth in communications since World War II resulted in a series of organizational efforts, before OTP (detailed at Tab A). Basically, past organizational studies concluded: (1) There must be stronger coordination in establishing policy for the Government's own communication requirements, and (2) the Executive should play a stronger policy role to deal with the rapid technological change, industrial growth, and societal impact, which have characterized communications. All but one study recommended that there be a separate communications policy entity within the Executive Office. These recommendations were adopted with the creation of OTP by Reorganization Plan in 1970.

OTP presently performs two functions for the President:

- Serves as advisor and spokesman on communications policy, covering a wide range of domestic, international, Government, and private sector issues;
- Formulates policies and coordinates cost-effective operations for Government communications systems, including assigning and



managing frequencies used by Federal agencies, exercising the President's statutory responsibilities under the Communications Act of 1934 and the Comsat Act of 1962, and providing policy direction for the National Communications System and emergency communications.

Objections to the present organization of OTP fall into several categories:

- Dean Burch feels that OTP has gone well beyond its original functions of radio spectrum allocation among Federal Government users and management of Federal Government communications facilities, and has assumed the role of spokesman for the President. His memo (Tab B) stems from the FCC's rivalry with OTP and is really directed personally at former Director Whitehead. If Burch thought that President Nixon had really approved of Whitehead's actions (which, in fact he did), his objections would be unfounded.
- Roy Ash feels the existence of OTP within the Executive Office is an organizational anomaly which should be ended any way possible.
- Others feel the President should be isolated from some of the more controversial decisions in the communications area.

OPTIONS:

Since OTP was established by Reorganization Plan in 1970, it cannot be removed from the Executive Office without either new legislation or another Reorganization Plan. Reorganization authority is presently expired; and although your Administration plans to request renewed authority from the 94th Congress, its ultimate passage is in doubt. Proposed legislation also presents the possibility of numerous Congressional changes because of the pressures generated by the extensive and competing commercial and national security interests involved.

1. Leave OTP structurally unchanged, but work more closely with a new Director: John Eger, Acting Director of OTP, has presented the argument for retention of OTP in full at Tab C. Essentially, he argues that Executive Office status and proximity to the President is necessary to enable the President to exercise his leadership and his allocation functions between competing agencies.

This option recognizes there is no easy solution for Presidential responsibilities in communications and suggests that a Ford appointee with more guidance will not cause similar repeat problems in this area. It also has the advantage of not causing a problem where one does not now exist.



2. Transfer Policy Development and Research Elements by Executive Order to another agency: This option seeks to reduce the size of OTP as much as possible without going to the Congress. It would retain a staff of 5 professionals in the Executive Office to handle OTP's statutorily authorized frequency assignment function. Three agencies have been considered by OMB: Commerce, GSA, and Transportation. OMB concluded that Commerce seemed to be the most preferable, but pointed out that opposition could be expected by other agencies, especially DOD, regardless of which one was chosen.

This option would avoid anticipated Congressional opposition, but might well fragment Administration communications policies and responsibilities without substantially reducing the size of OTP.

3. Transfer the bulk of OTP to Commerce by Executive Order, and submit legislation to move OTP's frequency assignment function: This combination of Executive and Legislative action would remove all of OTP from the Executive Office, but might invite legislative resistance and debate. A particular fear is that Rep. Brooks, the new chairman of House Government Operations, may use the proposed legislation as an excuse to investigate Administration telecommunications policy.

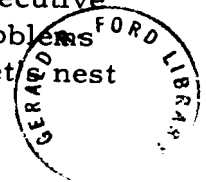
A Special Assistant for Communications would have to remain at the White House to resolve interagency frequency assignment disputes and advise the President on other policy matters in this area.

4. Submit proposed legislation to move all of OTP to Commerce: The complete legislation route would retain OTP in its present structure until Congressional passage was obtained. This alternative would avoid fragmentation, but would allow Congress to determine an organizational structure not now subject to statute. The option also contains the risk of a Brooks-style investigation. A Special Assistant for Communications would have to remain at the White House to resolve interagency assignment disputes and advise the President on other policy matters in this area.

RECOMMENDATIONS:

Cole

Option 1. " I don't think OTP should be in the Executive Office, but attempting to remove it will create problems the President does not need. It will open a hornet's nest



of Congressional activity in the communications area. It would be far better to appoint a very low-key Director of OTP and gradually reduce the size of the office."

Ash Option 3. Submit proposed legislation immediately and move the bulk to Commerce by Executive Order as soon as conveniently possible.

Buchen Option 1. "The other options offer no real solution, Option 1 is the only one I can support. Let's try it with our own man."

Scowcroft Option 1.

DECISION:

_____ Option 1 _____ Option 2 MR4 Option 3 _____ Option 4



BACKGROUND AND ORIGIN OF OTP

The framework for the present organization of Federal telecommunications activities is the Communications Act of 1934 (47 U.S.C. §§ 151 et seq.). In addition to creating the Federal Communications Commission, the Act preserved the President's control of communications during wartime or other national emergency and continued his authority for assigning radio frequencies used by the Federal agencies (which amount to roughly one-half the usable frequencies in the U.S.) and managing the use of Government telecommunications facilities.

The Second World War caused pressures for increased coordination and control of telecommunications resources. In 1940, the Defense Communications Board was created to serve as the central focus for major governmental communication's decisions during the war emergency (Executive Order 8546, September, 1940; E.O. 7143, June, 1942).

Following the abolition of this Board in 1947, President Truman established the Communications Policy Board to address the problem of increasing scarcity of radio frequencies in relation to the Federal Government's growing demand for their use. (E.O. 10110, February, 1950). On the Board's recommendation, a Telecommunications Advisor to the President was established in the Executive Office of the President (E.O. 10297), October, 1951 to advise and assist the President in communications matters concerning the Executive Branch.

During the Eisenhower years the Office of Telecommunications Advisor was abolished (E.O. 10460, June, 1953) and its functions transferred to the newly created Office of Defense Mobilization (ODM). In addition, the wartime communications functions reserved to the President by the Communications Act were delegated to the ODM. In 1958 the ODM was merged into the Office of Civil Defense Mobilization within the Executive Office of the President. Later in 1958 a Special Advisory Committee on Telecommunications studied the Government's management of its own communications facilities and recommended the creation of a separate National Telecommunications Board within the Executive Office.

In his December, 1960 "Report on Regulatory Agencies to the President-Elect," Dean James Landis called attention to the deficiency in long-range, comprehensive policy making in telecommunications and recommended the establishment of



Office for Coordination and Development of Communications Policy within the Executive Office, and the transfer to this office of all powers assigned to the OCDM relating to telecommunications. The Budget Bureau reached a similar conclusion in a 1961 study. Senator John O. Pastore also seconded this recommendation in 1961, and has supported placement of the President's communications authority in the Executive Office ever since then.

President Kennedy established the position of Director of Telecommunications Management (DTM) as one of the Assistant Directors in the Office of Emergency Planning (E.O. 10995, February, 1962), the successor agency to the OCDM. The DTM thus had responsibility for management of government telecommunications and authority to amend, modify or revoke government frequency assignments.

In 1965 the Military Operations Subcommittee of the House Committee on Government Operations recommended that the President submit to the Congress a reorganization plan to reconstitute the functions and responsibilities of the DTM in a separate office in the Executive Office of the President (H. Rep. 89-178, p. 111). This recommendation was repeated in a committee report of October 19, 1966 (H. Rep. 89-2318, p. 9) and again in a report of August 28, 1967 (H. Rep. 90-613, p. 12). The Committee's principal concern was that the authority of the DTM in the Executive Office was anomolous, coming in part from the President and in part from the Director of Emergency Planning.

In 1968, the President's Task Force on Communications Policy, headed by Eugene Rostow, recommended that the Executive Branch develop a new telecommunications management capability. The task force envisioned a multidisciplinary office that would permit communications systems analysis, long-range economic and technological forecasting, policy formulation, and coordinated technical assistance to Federal agencies and State and local governments.

In that same year, the Bureau of the Budget completed its "Study of Federal Communications Organizations", and concluded that the DTM was not functioning successfully in its OEP setting. The study pointed out the need for strengthened policy planning for federal telecommunications activities, unified frequency management procedures, and improved technical assistance for Federal agencies lacking their own resources. The Bureau recommended unsuccessfully that a new entity with these capabilities be established in the Department of Commerce or the Department of Transportation.



Similarly, in February, 1969, the Secretary of Commerce proposed that his department be given responsibility for telecommunications policy formulation and management. When that suggestion was not approved, he proposed in June that a Federal Telecommunications Policy Agency be established in the Department of Commerce, with all of the DTM functions except assignment of government frequencies and emergency preparedness. This recommendation was also rejected.

In a report submitted to the Congress in July, 1969, the General Accounting Office assessed the Federal government's total telecommunications structure and organizational arrangements. The GAO noted the absence of any centralized long-range policy guidance to assure reliable and effective communications capability and economy of operation from a government-wide standpoint, and recommended the creation of a separate entity to serve as the Government's focal point in telecommunications matters. The GAO endorsed continuation of the function in the Executive Office of the President in order to provide the stature necessary to deal effectively with agencies and departments of the Executive Branch.

On February 7, 1970, the President transmitted to the Congress Reorganization Plan No. 1 of 1970, abolishing the Office of the DTM and establishing the Office of Telecommunications Policy (OTP) in the Executive Office of the President, citing the long-standing recognition that the Executive Branch should be better equipped to deal with issues arising from telecommunications growth. On September 4, 1970, the President issued Executive Order 11556 assigning telecommunications functions to the Director of the Office of Telecommunications Policy.

Most recently, in April 1974, the General Accounting Office advised the Chairman of the Senate Government Operations Committee that:

"...the dissolution of OTP would be contrary to the conclusions and recommendations of the numerous studies and task forces made over the past 15 years. It could, we believe, cause a reversion to the former situation of ad hoc and piecemeal approaches to communications policy issues with no effective mechanism for consistency, continuity or the accommodation of divergent views."



THE WHITE HOUSE

WASHINGTON

December 13, 1974

MEMORANDUM FOR GEOFFREY C. SHEPARD

FROM: DEAN BURCH

WDB

SUBJECT: Future of OTP

This summarizes the conclusions I submitted this past summer to General Haig, in a memorandum that now resides in the Nixon Archives:

(1) Certain of the functions of OTP have always been performed by some entity within the Executive Branch, and presumably always will. Chief among them are (a) radio spectrum allocation among Federal Government users and (b) management of Federal Government communications facilities.

(2) For whatever reasons -- including the natural tendency toward empire building -- OTP has moved well beyond these principal functions and, often in the absence of Presidential direction and oversight, has assumed the role of spokesman for the President on communications policy issues. Even granting my own bias (as a former Chairman of the Federal Communications Commission), it is very hard to say who OTP speaks for, or why it speaks at all: the President ends up "taking positions" that he may know little about and probably shouldn't enter into in the first place. Two recent cases in point are broadcast renewal legislation and policy governing the evolution of cable television.

(3) Because OTP exists in something of a limbo, its long-range research is frequently out-of-phase with FCC rule making proceedings to which the research might be relevant; and its policy recommendations are as frequently of such generality as to be relatively useless. The long-range research function is of great significance and, without question, is shortchanged by the FCC itself; but, to serve as research should at the core of policy and rule making, this function should be well integrated with the FCC agenda.



MEMORANDUM FOR GEOFFREY C. SHEPARD (page two)

(4) As you know, OTP was established by Executive Order but, apparently, can only be abolished by legislation. Because certain of its functions have to be performed by some entity, and because it might be well to avoid the hassle of new legislation, my recommendations were and are as follows:

(a) cut back OTP, in personnel and budget, to its original and irreducible (and largely technical) functions;

(b) expand the FCC research budget, both internal and external, and tell the Congress why this is being done;

(c) and, finally, charge OMB and the Domestic Council with the responsibility for developing some new, simple, and nonpermanent coordinating mechanism -- possibly with the expert advice of the Chairman of the FCC -- for articulating Presidential communications policy on those rare occasions when one seems to be required; ad hoc Cabinet committees might also be called into play.

(5) Clearly, if this analysis and these recommendations are adopted, a new OTP Director should be appointed who is aware of what the job does and does not involve and whose qualifications match the job-description -- namely, a respected telecommunications technical expert.

cc: Mr. Philip Buchen





THE WHITE HOUSE
WASHINGTON

January 16, 1975

To: Dick Cheney

From: Phil Buchen



OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON

January 16, 1975

Phil:

Here's a copy of a bill drafted by
Howard Baker regarding OTP. I
understand he's getting co-
sponsorship from Pastore, and
that a similar bill will be
introduced in the House by
Bud Brown and the majority side.

Hank



S.

IN THE SENATE OF THE UNITED STATES

Mr. BAKER

introduced the following bill; which was read twice and referred to the Committee on

A BILL

To assign pursuant to law certain functions to the Director of the Office of Telecommunications Policy.

(Insert title of bill here)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the functions delegated to the Director of the Office of Telecommunications Policy in the Executive Office of the President pursuant to Executive Order 11556, September 4, 1970 (70 Fed. Reg. 12017) are hereby assigned to such Director pursuant to law and shall not be redelegated or transferred from such Director except pursuant to specific provision of law.



Ford Seen Ready to Kill Telecommunications Office

By Stephen M. Aug
Star-News Staff Writer

Roy L. Ash, the outgoing director of the office of Management and Budget, has persuaded President Ford to abolish the White House Office of Telecommunications Policy, administration sources said today.

Ash reportedly made the recommendation to transfer the office to the Commerce Department at a routine budget meeting Monday with Ford and White House Chief of Staff Donald H. Rumsfeld.

The sources emphasized that, since the transfer has not been announced, the President still could change his mind.

Although Ash offered the plan as a device to show that the White House would be saving money — by cutting \$9.2 million from the White House budget — it is understood he wants to eliminate an agency with which he has had disagreements.

ASH, FOR example, opposed legislation aimed at providing long-term federal financing to public broadcasting. OTP backed the legislation, which eventually passed.

Ash also was unhappy over testimony last summer given by then-OTP Director Clay T. Whitehead before a Senate antitrust subcommittee to the effect that American Telephone & Telegraph Co. should be subjected to competition in virtually every area except basic telephone service.

John Eger, acting director of OTP, said today he knew his agency was among many White House offices being reviewed, "but I was confident that if everyone proceeded in a deliberate, reasoned manner, the conclusion would be the same one that was reached in 1969."

Although for years OTP's predecessor was a small agency whose sole job was coordinating intragovernment communications services, under the first Nixon

administration it became the primary White House policy-making communications agency.

IT IS WIDELY believed that transferring OTP to the Commerce Department would effectively eliminate whatever influence it now has. It also would be likely to likely lose influence within the government, since such agencies as the Defense Department probably would not want to take orders from an agency within the Commerce Department. DOD must seek authorization from the White House communications office for use of certain radio channels and other communications systems.

It is understood also that the White House has not consulted with appropriate congressional committees in connection with the proposed abolition of OTP.

It is understood that three options were considered for OTP: Remaining as part of the White House; being converted to an independent agency; and assimilating it into the Commerce Department, where most of its analytical staff currently works.

The White House Domestic Council reportedly has recommended to Ford that OTP remain where it is.

Ash's plan reportedly is to transfer the \$9.2 annual OTP budget to Commerce presumably along with the 52 employees now on the White House payroll, thus saving the government no money.

MOSCOW

MOSCOW (UPI) — The Soviet Union said today it wants to continue detente and maintain good commercial relations with the United States despite its decision not to carry out the 1972 trade agreement.

The statement, by a writer of the official Tass News Agency, was the first declaration of Soviet policy on Moscow-Washington relations since Secretary of State Henry A. Kissinger announced the Soviet action in Washington late Tuesday.

"The Soviet Union came out and, lit it be stressed emphatically, continues to come out, for international detente making it moreover



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THE WHITE HOUSE

WASHINGTON

January 16, 1975

MEMORANDUM FOR: DONALD RUMSFELD
FROM: RICHARD B. CHENEY
SUBJECT: Office of Telecommunications Policy

At your request I met with John Eger, OTP's Deputy who is now Acting Director, yesterday (Wednesday, January 15th) to discuss the tentative decision to transfer OTP to the Department of Commerce.

He had clearly already learned of the decision (I understand from a low-level budget examiner in OMB). Tom Whitehead, former Director of OTP, had already written a letter to the President (copy attached at Tab A) arguing against the change.

I informed Eger that I was willing to listen to his arguments and that I would get back to him sometime on Thursday (January 16th) with the decision concerning the FY '76 Budget.

Phil Buchen has also voiced strong opposition to the decision and suggested we should, instead of zero funding OTP for '76, go ahead and put them back in the budget and then undertake our own private ninety-day review of OTP's function and location. A copy of his memo is attached at Tab B.

Attached at Tab C is Eger's correspondence, as well as the original decision memo that went to the President.

Since yesterday, OTP has gone to the press and the Hill in full force; they have generated press stories about the pending transfer, and Senator Baker and Representative Bud Brown have agreed to introduce legislation designed to thwart the move. A copy of the Bill introduced by Baker is attached at Tab D.

At my request Jack Marsh has contacted both Brown and Baker. They indicated that they would intervene if the decision were made to go ahead and abolish OTP or transfer it to Commerce. Jack thinks that to buck



under to that kind of pressure would set a very bad precedent. He feels this is an area clearly within the prerogative of the President and that we should under no circumstances give in to the suggestion that Congress has a prior right of consultation in this area.

Yet, Congressional opposition has only just begun to surface, and we must have legislation to accomplish the transfer. So far, we are totally without support -- even from the Republicans.

As I see it, there are only two options; either full speed ahead and damn the torpedoes, or a total and immediate about-face to quickly cut our losses.

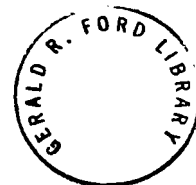
RECOMMENDATION

With all of this by way of background, my recommendation would be as follows:

1. I think we should put the dollars back into the budget for the Office of Telecommunications Policy for FY '76. Zero funding the Agency is reminiscent of what Nixon did to OEO some three years ago. It is really throwing down the gauntlet. Instead, we should reduce the funding slightly to 40 slots from the current 52.
2. We should immediately notify Baker and Brown to reassure them that no immediate transfer is contemplated.
3. We should not say that we are going to study the problem because that will only keep the issue alive.
4. We should rapidly appoint a very low-key Director to remove the controversy, and direct him to work very closely with the Domestic Council on all projects.
5. Next year, we should re-evaluate whether we have the muscle and the determination to transfer the office.

DECISION:

- _____ Restore OTP's budget to the Executive Office, but at the 40-slot level.
- _____ Proceed to advocate forcefully the President's decision to transfer OTP.



MEMORANDUM FOR DONALD RUMSFELD

FROM: RICHARD B. CHENEY

SUBJECT: OFFICE OF TELECOMMUNICATIONS POLICY

At your request, I ^{met with} ~~collected~~ John Eger, ^{the} ~~currently~~ ^{OTP's} Deputy ~~Director of OTP and the~~ Acting Director, yesterday (Wednesday, January 15) ^{to discuss} ~~and discussed with him~~ the tentative decision ~~that will be made~~ to transfer OTP to the Department of Commerce.

~~It was clear that~~ He had ^{clearly} ~~been~~ ^{learned} informed of the decision, ^{(I understand from} ~~by~~ ⁾ low-level budget examiner in OMB) Tom Whitehead, former director of the OTP, had ^{already} written a letter (copy attached) arguing against the change.

I informed Eger that I was willing to listen to his arguments and that I would get back to him sometime on Thursday (January 16) with the decision concerning the FY '76 Budget.

Phil Buchen has also voiced strong opposition to the decision and suggested we should, instead of zero funding OTP for '76, go ahead and put them back in



the budget and then ~~begin the process of, say, a~~ ^{undertake our own private} ninety day review ~~of their location, ultimately leading to a~~ ^{of OTP's function and location.}

~~transfer if that makes sense.~~ A copy of his

memo is attached at Tab A.

Attached at Tab ^B is ^{Eger's} correspondence ~~from~~

~~John Eger, Acting Director of OTP,~~ as well as

the original decision memo that went to the

President ~~for a decision.~~

Since yesterday, ^{OTP} ~~someone, presumably Eger,~~ has gone to the press ^{and the Hill in full force: they have} ~~and~~ generated press stories about the pending transfer, ^{and} ~~And also gone to the Hill.~~

Senator Baker and ^{Rep.} ~~Congressman~~ Bud Brown ^{are} ~~are~~ ^{have agreed} ~~to introduce~~ new ^{to introduce} ~~introducing~~ legislation in the ~~House and the Senate~~ designed to ^{thwart the move.} ~~abolish OTP.~~ A copy of the Bill

introduced by Baker is attached at Tab ^C.

^{at} Jack Marsh, ~~per~~ my request, has contacted both ~~Congressman~~ Brown and ~~Senator~~ Baker. They

indicated that they would intervene if the decision were made to go ahead and abolish OTP

or transfer it to ~~the~~ Commerce Department. Jack
100 buckle ...



Thanks that ~~is of the opinion that~~ would set a very bad precedent.

to buckle under to that kind of pressure

~~It feels that~~ is an area clearly within the prerogative of the President and ~~we should~~ that we should, under no circumstances give in to the suggestion that ~~somebody~~ a member of Congress can legitimately claim some prior right of consultation ~~in an Executive Branch Administrative~~

~~get~~ Congressional opposition has only just to surface, and we must have legislation to accomplish the transfer. ~~As for~~ we are ~~entirely~~ totally without support -- even from the Republicans.

RECOMMENDATION

With all of this by way of background, my recommendation would be as follows:

1. I think we should put the dollars back into the budget for the Office of Telecommunications Policy for FY '76. Zero funding the Agency is reminiscent of what Nixon did to OEO some

three years ago. It is ~~a signal of an intent to abolish~~ ^{really throwing down} the gauntlet. ~~Instead we should reduce the funding of the office rather than transfer it.~~

2. ~~We should immediately~~ ~~In the course of funding it for FY '76~~

~~I think we should also cut it back to perhaps 40 slots~~ ~~to the current level of 53 slots.~~

~~3. The President should ask the Domestic Council to begin a review of the Office of Telecommunications Policy's functions and its structural arrangements. The review group ought to include someone from the Domestic Council, National Security Council and OMB. Ultimately,~~

As I see it, there are only two options, ~~either~~ ~~fall~~ ~~speed~~ ~~ahead~~ ~~and~~ ~~down~~ ~~the~~ ~~torpedoes~~, or a total, and immediate about-face to quickly cut our losses.

to 40 slots from the current 53.



~~the review would culminate in a set of recommendations~~

~~as to the future of the operations.~~

We should rapidly appoint a very low key
 4. We should give serious consideration
Director [unclear] to remove the controversy, and
 ① ~~rapidly hiring someone new to run the operation to~~
direct him to work very closely with the Domestic Council
~~replace Whithead and also give some thought to removing~~
on all projects.
~~either the current incumbent deputy director.~~

5. *Next year we should re-evaluate whether*
we have the muscle and the determination to transfer the office.

[Handwritten signature]

DECISION:

① list the OTP's budget to the Executive Office level
at the 40 stat level
 proceed to forcefully advocate the President's *decision*
decision to transfer OTP.



THE WHITE HOUSE
WASHINGTON

filed -
d Ser apt

January 14, 1975

MEMORANDUM FOR: DONALD RUMSFELD

FROM: JERRY JONES 

As you know, the President decided to cut OTP back drastically and submit legislation to take it out of the Executive Office of the President. OMB is developing the necessary papers to implement this decision and, of course, they are changing the budget to reflect the reductions.

The people in OTP, however, have not been told of this decision. This should be done today. Therefore, I recommend you call over John Eger, the Acting Director, and discuss the President's decision with him. Short of the President, I believe you are the only person to handle this. Ash could but I believe it would result in bitterness and increase the possibility of troubles on the Hill.

You should read Tab A of the Cole memo to see Eger's case for maintaining OTP before you talk with him.

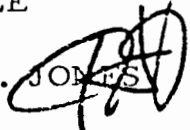


THE WHITE HOUSE

WASHINGTON

January 13, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: KEN COLE
FROM: JERRY H. JONES 
SUBJECT: Office of Telecommunications
Policy Organization

Your memorandum to the President of January 9 on the above subject has been reviewed and Option 3 -- transfer the bulk of OTP to Commerce by Executive Order, and submit legislation to move OTP's frequency assignment function -- was approved.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld



THE WHITE HOUSE
WASHINGTON

Should I do a memo
to someone with
P. decision reflecting
Shepard's input that
it's a 48 slot or
just is everyone
on track?

To ~~Shepard~~^{Gole}

48 slots

cc



THE WHITE HOUSE
WASHINGTON

January 21, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: KEN COLE
FROM: JERRY H. JONES
SUBJECT: Office of Telecommunications Policy

For the record, the President's decision on OTP was to restore OTP's budget to the Executive Office, but at the 48-slot level.

