

bad, everything private ownership does is good. This survives the observed fact that in the fresh and recent past a whole series of technological break-throughs of the most momentous kind—from the unlocking of atomic energy to the placing of satellites in orbit—were only made possible by governmental action under public ownership. Whether in capitalist America or Communist Russia, in Britain or France, only government has had the resources for such giant accomplishments, only government could take the vast financial risks involved. Under cover of this myth, private interest only grabs what public money has developed. Mr. Kowalski of Connecticut, one of the brave handful who supported Mr. Ryan's crusade in the House for a publicly owned space communications authority, pointed out that some \$25 billions of tax moneys had been spent in opening up the possibilities of space and that half a billion has been spent on communications satellite research alone. Yet a special committee of interested companies organized by A.T. & T. has been able to put through the House a bill which will give them control of the fruits in communications. For them, Mr. Smith's dreaded Rules Committee acted swiftly and favorably, reporting the bill without question. For them, both party leaderships joined forces in a burst of mutual self-congratulation on the House floor that was the most nauseating part of the spectacle. To watch this bipartisan response was to see that when the big moneyed men want action, the two party system becomes a myth, too.

### Real Enterprise Sacrificed

Three basic considerations were trampled down in this rush to do A.T. & T.'s bidding. The first two concern the genuine private enterprise which still exists in the interstices and on the margins of our economy. Only through a publicly owned space authority could all communications concerns be assured

### Unexpected Tribute to JFK

Mr. [Clarence J.] BROWN (R. Ohio): Let me say to the gentleman from Iowa I am convinced, as the result of recent happenings, that the President will not go out of his way at this time, if this bill becomes law, to offend any more elements in the business and industrial world, as far as that is concerned. I rather feel he may be very cooperative, and may be very desirous of discussing these matters on a proper basis. I am sure that under no conditions will he lose his temper in connection with the establishment of this new board of incorporators or board of directors."

—Ohio's veteran standpat Republican, whose name has been synonymous with Hooverism for a quarter century, reassuring other Republicans and a Southern Democrat who wondered during debate on the Satellite Communications bill May 2 whether President Kennedy, who will appoint three of the 15 directors of the new satellite communications corporation, can be trusted to pick men "representative of the industry."

of a chance to use these revolutionary new facilities. Only through such an authority could the smaller independent manufacturers hope to prevent this huge potential market for equipment from being pre-empted by A.T. & T.'s own wholly owned equipment subsidiary, Western Electric, and its allies. Here the myth of free enterprise is being used to destroy its reality. The new communications satellite corporation created by the House will be a legalized cartel.

A third basic consideration is in the sphere of foreign relations. These satellite systems require international agreements. Their negotiation interlocks with many other aspects of public policy. The responsibility for these should be in the hands of the government. The original bill proposed by the Administration kept the conduct of these negotiations in the State Department. The bill, as rewritten in response to A.T. & T.

### The Five Who Had The Courage To Speak Up For Public Ownership In Space

"We should not discuss the issue of public or private ownership in any doctrinaire spirit. Under some circumstances private ownership of a natural resource or a technological innovation is best for the common welfare. Under other circumstances public ownership and operation will achieve greater public benefit. . . . Public rather than private ownership should be considered when: First, the resource or technology has been partly or entirely developed with public funds; second, free competition is not possible and monopoly inevitable; third, public participation is extremely limited; and fourth, national objectives and normal business efforts to make normal commercial profits are likely to conflict."

—Wm. Fitts Ryan (D. N.Y.) May 3.

"Paradoxical as it may sound, public ownership of the communications satellite system offers far greater prospects for a competitive situation in this field of communications via space satellite than would the committee bill. . . . A publicly owned system, including the necessary ground stations, would provide a real common carrier situation whereby the facilities would be available on an equal basis to all communications firms."

—Al Ullman (D. Oreg.) May 2.

"We are confronted once again . . . with a giveaway in the guise of legislation. [This bill] would . . . turn over to a few large private corporations, mainly the American Telephone and Telegraph Co. the fledgling space communication satellite system. This communication to date is a federally developed enterprise. It was conceived, researched and developed with the tax moneys of the American people. To

turn it over to these corporations is inequitable and unjust. It may be scientifically unsound."

—Mrs. Edith Green (D. Oreg.) May 2.

"The President does not deny or ignore the vast taxpayer investment in space communication, and he acknowledges that it would be inequitable to give this asset to a favored few, leaving the taxpayers without a shred of their investment. In an attempt to reconcile this equitable consideration with other motives, the President suggested that one-half the stock of the corporation be made available for purchase by the American public. . . . But surely it must be known to all gentlemen of the House that the class of stockholders is not coexistent with the class of taxpayers—few are wealthy enough to be stockholders. . . . A recent study found that 1.6% of adults in our country own 82% of the stock held in the personal sector. The proposed remedy does not satisfy the purpose for which it was fashioned."

—Frank Kowalski (D. Conn.) May 2.

"Under the proposed legislation, A.T. & T. will dominate it completely. . . . The arguments for private ownership are all fallacious and are designed to hide the fact that these private monopolies and huge corporations want to get control of the operations and revenues of this last and revolutionary competitor. The answer to this, we are told, is broad ownership in some way. This is the most cynical of all the arguments. Anyone with the slightest awareness of the facts of corporate life knows that the broader the ownership, the easier it is for the insiders to control, because few small investors bother to vote their stock."

—Benj. S. Rosenthal (D. Queens, N.Y.) May 3.

pressure and weakly accepted by the Kennedy Administration, merely provides that the State Department be "advised." Congressman Celler offered an amendment from the floor giving the President the same veto power over this new communications corporation that he has over the Civil Aeronautics Board insofar as international transportation is concerned. This was brushed aside. To all such sobering considerations there was a continuous mythical refrain. "This," as Congressman Roubin (R. Ind.) said in a paean of support for this give-away bill, "is the free enterprise way; this is the capitalistic way; this is the profit system way; and this is the American way." This equates Big Steals by Big Corporations with "the American way." No satirist could top that one.

### The Reason for the Rush

The reason for rushing the bill now is to give the monopolists the inside track in this first great peacetime space venture. This is really a New Frontier, but in confronting it the Kennedy Administration shows its incapacity to think in terms which fit the phrase, the very banner it has chosen. Mr. Kennedy gave up the battle in his letter last Feb. 7 to those other two pioneering pillars of this Administration, Vice President Johnson and Speaker McCormack, when he said space communications was a subject "which, by nature, is essentially private enterprise in character." From this patent fallacy flowed the surrender to A.T. & T. Communications have long been notoriously monopolistic on earth, and the whole idea of handing over communications in space to the same private monopolists will strike other nations as absurdly anachronistic.

### But He Voted For It

"We are in a desperate cold war struggle with the Soviets, not only for the minds, but for the markets of free and neutral nations. If we are to be crippled with the dead weight of monopoly, managed prices, limited production, and unjustified profits, we cannot win. We are doomed to failure."

—Chet Holifield (D. Cal) opposing the Communications Satellite give-away bill on the floor of the House May 2—the day before he voted for it.

The only chance to block this steal now is in the Senate where seven Senators led by Kefauver are proposing that a publicly owned Communications Satellite Authority be established to guarantee technological progress and the public interest in the skies. An even more fundamental issue is involved. It is whether our country can, on great occasions other than the making and preparing for war, mobilize its full strength free from doctrinaire considerations, whether it can operate in the pragmatic way which is supposed to be our best tradition. In the years to come, in competition with the forced draft industrial expansion of the socialist countries, our country's future growth and greatness will depend on its ability to plan in a big way, and to carry through vast enterprises under public direction, for peaceful purposes. The issue is not public vs. private enterprise. The problem is to free real enterprise, public and private, from short-sighted private monopolies. This is the full magnitude of the issue soon to come before the Senate.

### Chairman Celler On the Greed of A.T. & T. and the Weakness of FCC Regulation

"Under the pending bill, the ground stations can be owned jointly or separately by the communications carriers. In addition, HR 11040 [the space communications bill as passed next day with Celler voting for it, despite rejection of his amendment on this crucial point—IFS] provides that the FCC [Federal Communication Commission] shall lean over backwards to license these stations to the carriers. . . .

"Much of the revenue from the satellite system will come from handling the messages on earth. Under my amendment the ground stations of the American part of the space satellite system shall be owned and managed by the corporation. This safeguard is necessary to enable the new corporation to make money, rather than handling its main source of income on a silver platter to the communications carriers. . . .

"A.T. & T. has been boldly picketing the halls of Congress advocating that the communications companies should be the sole beneficiaries of the communications satellite system. To grant the carriers the ground stations would make a gift to a few companies of a potential multi-million dollar a year monopoly. . . .

"A.T. & T. does not come before the bar of the Congress with clean hands. It is an old offender. In 1953, the FCC negotiated with A.T. & T. a rate increase of approximately \$65 million a year in long distance telephone rates. . . . The FCC granted this increase because it believed A.T. & T. was entitled to a 6.5% rate of return on net book cost.

"Since 1955, however, A.T. & T. has enjoyed a rate of return far in excess of 6.5%. . . . In the years from 1955 through 1961, if A.T. & T.'s rate of return had been limited to 6.5%, long distance telephone users would have saved approximately \$985 million. Thus, over the past 7 years, A.T. & T. has overcharged the American public by nearly a billion dollars. . . .

"Late last month the Bureau of the Budget released a report on the FCC by a team of management consultants.

This report, like the [Celler] Anti-Trust Subcommittee concluded that the FCC 'has established no firm criteria governing such rates of return. . . . ' Moreover the report noted that in 1960 Bell System's purchases from its wholly owned subsidiary, Western Electric, amounted to \$1.8 billion 'which amount becomes part of the rate base on which the Bell companies expect a rate of return. Apart from occasional review of periodic reports, no examination of the books of Western Electric or other leading telephone equipment manufacturers has been undertaken to determine the reasonableness of charges to the Bell System.' This is a barbarous situation. Is the American public paying for this unexamined, high profit? Remember Western Electric is a wholly owned subsidiary of A.T. & T. . . .

"A.T. & T. has successfully avoided regulation on earth. Divine guidance will be necessary to regulate A.T. & T. if it is permitted to expand its domain into space. . . .

"A.T. & T. has proposed a low-random orbit system which would require scores of satellites and ground stations in order to obtain world-wide coverage. This proposal is made at a time when there is general agreement on the ultimate desirability of a system of three or four high orbiting synchronous satellites, which would give global coverage and would be cheaper both to set up and to maintain. If the existing communications companies are permitted to own and operate a system of their choice, they will have a strong motive to retard its development and use in order to protect their vast investment in existing equipment and facilities, such as the undersea cables which A.T. & T. is still laying to this day.

"Space satellites will revolutionize communications as the airplane revolutionized travel. Air travel as we know it today would still be a mere vision if Congress had delivered the budding airlines business into the hands of the existing and established railroads."

—Emanuel Celler (D. N.Y.) May 2.