

technical and economic assistance there are already influential claimants for the \$4.1 billion projected for 1970. As the emerging nations have come forward under their own leadership they have upset completely the prevailing estimates of their capacity to absorb investment toward the goal of removing destitution from its role of prime subverter of stability in world politics.

There is a heartening lesson in this purely fiscal glimpse of another future. Our society, with its enormous productive capacity, can find significant and fruitful final demands to take the place of the war economy. This lesson in itself is crucial to the recognition that peace is as feasible as war. What is now required to implement this finding is action—unilateral action by interested and responsible citizens, by university study groups, by civic leaders, by community associations, by trade unions and industrial trade associations and institutes.

Educators must come forward with programs that will assert the proper claim of our schools and colleges on the productive capacity of our economy. In the repair of the blight on

our cities, a host of economic interests hold stakes and responsibilities. None has a greater potential stake than the railroad industry. The commitment to automotive transportation, that makes evacuation of the cities impossible, is subsidized by an \$11-billion public subsidy from the federal, state, and local governments every year. Of this total, nearly \$7 billion goes to capital improvement—that is, highways—a figure equal to 10 percent of the annual gross expenditure on automotive transportation. By the same reckoning, the railroad system, with \$10 billion annual revenue, should seek an annual capital improvement subsidy of \$1 billion to restore, and end the dismantling of, its commuter services.

In the economic assistance program the machine-tool industry can find the solution for its chicken-today-feathers-tomorrow economy that has caused its technology to lag behind that of the German and Soviet toolmakers. Perhaps it is in this area that the electronics industry can find at least part of the solution to its disarmament problem. This year the industry has crossed the \$10-billion line, but with one customer

—the war economy—accounting for more than half its sales. The adaptation of missile-control systems to the automatic control of industrial processes can help to make high technology more diversely and immediately exportable to the emerging nations.

It is not supposed in this special study of the Bureau of the Budget that any of these reallocations would be made in the absence of a disarmament convention that provided controls adequate to shut off the arms race permanently. Dangerous and difficult conflicts still remain to haunt the world from the prethermonuclear age, when statesmen could turn them over to the generals. Those conflicts must be settled before the arms race itself brings on the war that will leave no victors and few survivors. This is the task of governments. It is up to the citizens to prepare the peace. Science and technology exploited in the cause of national power have brought mankind to this impasse. War cannot be eliminated from the life of the nations until the genius that thus commands the forces of nature is committed in the cause of man.

News and Comment

Communications Satellites: Private Ownership and Public Control, Neatly Packaged

The Administration has produced a proposal on satellite communications which is wonderfully ingenious, although it is not yet clear that it will work.

The basic problem for the Administration was that it was politically necessary to favor private ownership, even though it is quite possible that serious problems will come up in attempting to use a private corporation, necessarily oriented toward making a profit, as an

instrument in international politics. Perhaps there will be technical conflicts over the details of the system, in which, for example, the government's interest in making participation available to the underdeveloped countries may run counter to the corporation's interest in the most profitable approach; perhaps political conflicts in which the government's willingness to put part or all of the management of the venture into the hands of the U.N. or a specially created international organization may run counter to the corporation's desire to keep maximum control in its investors' or at least in American hands.

What makes these possibilities difficult to deal with is that they are only, at this point, possibilities. It is hard to say anything very explicit about the technical problems because the technology is still in a state of development; it is hard to say anything definite about the political problems because they lie in the future and there are no equivalent situations to look back on for a clear guide to solution of the difficulties that may come up, much less of the problem of trying to deal with these difficulties through a privately owned corporation. It is by no means clear that the private ownership will fail to serve the national interest, and it would be politically awkward for the Administration to advocate public ownership merely on the ground that private ownership may possibly be unsatisfactory. Even if it were advocated, public ownership would have no chance of getting approval from Congress, particularly from the House.

Thus, whatever the Administration's private leanings, there was nothing to be gained, as a practical matter, by advocating public ownership, and perhaps something to be lost, as a political mat-

ter, by taking a stance which would be attacked as evidence of the Administration's radicalism.

In addition to this basic dilemma there were the strongly voiced fears of the Justice Department's Antitrust Division and of some of the American Telephone and Telegraph Company's competitors that A.T.&T. would control the venture, thus strengthening its already strong monopolistic position in the communications business. In addition, the Administration wanted to include in the bill some elements of the proposal for developing the satellite system that the communications companies had made at the government's invitation. The enthusiastic cooperation of these companies, particularly A.T.&T., would be very helpful, and their opposition, while it could not kill the venture, would certainly make things difficult.

Something for Everyone

The bill the Administration finally recommended to Congress managed to combine all of these elements in a single, quite ingenious proposal. To dilute AT&T's financial interest in the venture, it opens the corporation to anyone who wishes to invest. To discourage participation by the less sophisticated part of the investing public, who might expect quick profits, the shares are to sell for \$1000. This also would have the effect of limiting the number of shareholders, and so limiting the possibility that a substantial, and potentially troublesome, special-interest group of voters would be created by the venture. Apparently the first suggestion was to price the shares at \$10,000, but the President regarded that as hitting the point a little too hard, and so the figure was revised downward to the point where it was not obviously impossible for large numbers of small investors to come in.

To take a point from the communications company proposal, a special class of stock was set up for such companies. This stock would pay no dividends, but the companies could include this investment, along with their other capital investments, in their rate justifications before the Federal Communications Commission. The companies' proposal had been to finance the whole venture in this way, with no participation by the general public.

On the most difficult matter, the attempt to bridge the gap between the necessity of simultaneously favoring

both private ownership and public control, the Administration bill spells out in elaborate detail the powers of the federal government (such as to "insure that timely arrangements are made for foreign participation . . . and for the determination of the most constructive role of the United Nations") and the policies the corporation is expected to follow (such as providing "global coverage at the earliest practical date").

These provisions do not give the government great powers it would not have if they were not in the bill. Laws already on the books give the government extensive power to require federally licensed monopolies to serve the public interest, and the Administration could interpret any law authorizing the satellite venture as covering almost everything that is spelled out in the draft bill. The greatest importance of these provisions is that the mere weight of their detail attempts to make unmistakably clear to the potential investors in the corporation, to people worried about excessive domination by A.T.&T., and to foreign governments, that there is no basis for any fears or hopes that this world-wide communications system is merely being turned over to private hands for exploitation for private profit.

Under the bill there is very little the corporation will be able to do without prior approval by the government; it will be required to keep its books and records and meetings of its board of directors open to the government at all times; the option of the government to put up its own satellite system or to alter or repeal the corporation's charter is explicitly stated; and the government is, again explicitly, given the power to ask the courts to order the corporation to do whatever is necessary to bring its actions in line with the policies spelled out in its charter not only when it might be overtly doing something questionable but even when, in the Justice Department's view, it is threatening to obstruct the government's efforts to force it to comply fully with its charter.

With all this, the bill has been generally received as an exceptionally happy blending of a variety of sometimes conflicting objectives. A.T.&T. apparently has some objections to it, which will be spelled out at the hearings beginning before the Senate Space Committee next week, and there will undoubtedly be others on hand with objections. But at the moment it appears that the proposal will go through

Congress this session without either a major fight or major changes.

Another space matter which is surely going to pass with no fight at all will be the Administration's request for \$3 billion for the coming year's Space Administration budget. The man-in-space portion of the program cost an estimated \$400 million through Glenn's flight this week, or something under \$2.50 per capita. Quite aside from the military, or scientific, or prestige value of the investment, it was quite hard to find anyone last Tuesday who did not feel he had gotten his two-and-a-half dollars worth.—H.M.

Atomic Power: Administration Has Some Explaining To Do on Cuts in AEC's Civilian Program

The Joint Congressional Committee on Atomic Energy is preparing a chilly reception for the Administration representatives who will come before it starting 20 March for the committee's annual hearings on the development, growth and state of the atomic energy industry.

The hearings will afford the Administration an opportunity to display its virtuosity in the difficult art of explaining gaps between campaign pledges and budgetary commitments. Specifically, the committee wants an explanation of the Administration's sudden throttling of construction of experimental atomic power plants, which are the bridges between laboratory developments and large-scale power-producing facilities.

It is the suspicion of some persons connected with the committee that the experimental power program has been lowered in priority in order to provide funds for the Atomic Energy Commission's expanded space effort, and that the reordering of priorities may reflect Administration thinking on a national energy policy. The latter is under study by the Administration, and it is a subject of intense interest to the coal, gas, and oil industries, as well as to that vigilant shepherd of atomic energy, the Joint Committee.

High on the agenda at the hearings is the Administration's decision to cancel construction of three experimental atomic power plants that were authorized under the Eisenhower Administration and the failure to include funds for new plants in the budget for the coming fiscal year.