think AT&T has done an effective brainwashing job on the members of the commission as it has on the members of Congress," says Jack Biddle, president of the Computer and Communications Industry Association. "They have instilled an artificial fear that if you tamper with Bell's vertical structure the entire telephone system will collapse. But that's a false issue. There are 1600 companies that provide our phone service, and they are not vertically integrated or owned by Ma Bell."

Fighting the wind of deregulation along with Biddle are companies such as Tymnet, which currently markets an intelligent data network similar to Bell's proposed ACS. Tymnet, and hundreds of other small companies (small in comparison to Bell's $113 billion in assets), fear that the FCC ruling does not contain sufficient provisions to ensure that AT&T will not cross subsidize its unregulated data processing businesses with money and proprietary information from its basic telephone service. Such fears have a historical basis. For decades, Bell has subsidized local service with the money made in the lucrative long-distance market, a fact which has made simple phone service affordable to millions of households. Small computer companies and the interconnect industry are afraid that an updated version of this cross subsidization could put them out of business. To make Ma Bell's inevitable entry into data processing less threatening, they want increased safeguards on the institutional separations between Bell and its subsidiary that sells enhanced services and computer equipment. For example, the FCC would allow AT&T to sink administrative support, accounting, manufacturing, research, and development into its new subsidiary, only marketing and software development having to be totally separate. Under this arrangement, Western Electric, which currently manufactures all equipment for the Bell System and which by itself is the 17th largest industrial firm in the United States, could manufacture and sell computers to the new subsidiary—as long as it was on an arm's-length basis, that is, as long as the prices it charged the subsidiary were the same as those charged anyone else who wanted to buy the equipment.

Critics of this arrangement abound, saying the degree of interrelatedness would make the system impossible to police. Their complaints boil down to an *out-and-out* total distrust of the Bell System. They point, for example, to the Justice Department's antitrust complaint

(Continued on page 668)

Law of Sea Conference Still in Deep Water

The United Nations Conference on the Law of the Sea (UNCLOS) met in Geneva on 28 July to wind up its ninth session, which, like a feline ninth life, looks like a last chance. The current effort to carry out a comprehensive overhaul of international law applying to the seas began in 1974. Agreement has been reached on most of the nearly 400 articles on the agenda, but the conferees are still at odds on the matter that has been the major sticking point since the conference began—the control of mining operations on the deep seabed.

This has been the main issue dividing the less developed countries (LDC's) and the United States and other Western, industrialized nations. Prospects for a compromise were cast into deeper doubt recently by enactment by Congress of a Deep Seabed Hard Minerals Resources Act. The new act assumes that a Law of the Sea treaty will eventually come into effect and says the purpose of the U.S. act is to provide a "legal regime" to permit the development of necessary mining technology in the interim. The U.S. law even prohibits commercial recovery of minerals until 1988. But many LDC's have said that passage of such legislation by the United States at this point would be regarded as a deliberate affront and could threaten the fragile consensus on which completion of negotiations depends.

The principal issue to be resolved concerns the composition and rules of the council of the proposed International Seabed Authority, which would oversee mining activities. The conferees have already reached accord on a general regime for seabed mining. The LDC's had wanted rights restricted to an internationalized mining organization while the industrialized countries insisted that the licensing system be open to mining companies, whether private or governmental. As a compromise, a "parallel" system was created under which both companies and an international entity, known as the "Enterprise," will operate under the seabed authority.

Tough questions of detail were deferred. In dispute in particular is a demand by the United States and other potential mining countries that they have a "blocking" vote or veto in the council over issues that they see as clearly contrary to basic national interests.

Other kinds of issues also remain unsettled as, for example, the setting of boundaries in waters claimed by adjacent coastal states. But those affecting the rules of the council appear to be the crucial ones.

What would be the consequences of a failure to reach agreement, particularly if blamed directly on the United States? A suggestion pushed by some American mining interests is that seabed mining be separated from other issues and the matters be handled in separate treaties. Informed observers feel that it is unrealistic to think that the LDC's would accept such a departure from the original understanding that the treaty would be negotiated as a total package.

One possibility is that failure to agree on the mining issues would lead to the unraveling of the whole fabric of agreements already reached. Many of these points involve navigation and overflight rights in which the United States has a heavy stake. As a country with global military and commercial interests, the United States puts heavy emphasis on freedom of navigation. Since the Soviet occupation of Afghanistan, the taking of the hostages in Iran, and the increase of tensions between the Thais and Vietnamese, freedom of the seas considerations have grown even more important. In recent years, the tendency, particularly among LDC's, has been to extend territoriality offshore and restrict navigation rights. Parts of the Law of Sea text negotiated so far restrain this tendency. In the final phase of negotiations, therefore, the United States appears to face a conflict between economic and political advantage.

With plenty of uncertainties already hovering over the negotiations, a new one is added by the quadrennial possibility of changes at the White House. Advent of a Reagan Administration is apparently viewed by many of the UNCLOS participants as making a U.S. ratification of a treaty harder. Whether this view will make the LDC's more or less amenable to compromise on the outstanding differences is at this point unclear.

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