

about three times as fast as the economy as a whole and this rate of growth is expected to continue. Revenues from domestic interstate communication services are running at a level in excess of \$3 billion annually with a yearly increase of around 10 percent. The industry as a whole contributes 2 percent of the gross national product, employs more than 1 million people, increases plant investment by more than \$3.5 billion yearly and makes substantial and continuing improvements in communication technology.

This expansion to meet the growth in demand for existing and new communication services is attended by new and revised price structures, changes in cost of service characteristics which underlie the different services, increased competition between carriers and a high rate of construction of wire and radio facilities which must be authorized by the Commission. Moreover, dynamic changes in communication technology and methods are creating new policy, ratemaking, licensing, and other regulatory problems in both the domestic and international fields.

Because of budgetary limitations, the size of our staff has not kept pace with the increased tempo of activity and complexity of problems to be resolved.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

No.

18. If your appropriations were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

A reduction in appropriations would seriously impair our ability to meet the minimum common carrier regulatory obligations imposed by the Communications Act. Many of our individual programs are generated by outside activity over which we have little or no control. For this reason it would be impossible to meet a reduction in personnel through elimination or curtailment of one or two specific projects. The impact of any substantial reduction would be felt by all of our activities, resulting in serious delays in application processing and formal proceedings and in less effective regulation generally of the communications industry. Over and above the impairment of our capacity and ability to complete the Commission's statutory obligations within reasonable periods of time, any cutback from present staffing would foreclose our capability to anticipate problems. We would be required to concentrate solely on urgent matters to the detriment of more important long range problems.

19. If additional funds were available, what would you do with the money? Increase size and expertise of staff to more effectively regulate the communications common carrier industry in the public interest.

There is need to modernize regulatory processes through use of recent developments in economic and computational techniques, including use of econometrics, linear programming and electronic computers as an aid and support for rational rate and service regulation. There is also need for an organized, systematic program for the implementation of the essential requirement in section 218 of the Communications Act that the Commission keep itself informed as to technical developments in wire and radio transmission of energy to the end that the benefits of new inventions and developments may be made available to the people of the United States. Absent our ability to conduct such a program, we are in no position to determine whether the public is gaining the economic and service benefits from technological advances or whether the application of new technology is being unduly withheld. Greater surveillance of the industry generally is needed to assure that the basic objectives of common carrier regulation are achieved.

PROGRAM V: SAFETY AND SPECIAL RADIO SERVICES

1. What is the nature of and authority for this program?

This program covers the licensing, administration, and regulation of a wide variety of national and international uses of radio by persons, businesses, State and local government, and other organizations licensed to operate their own communications systems as an adjunct to their primary business or other activity. The program also includes the compulsory use of radio for safety at sea purposes and certain classes of maritime radio stations which render communication service to others for hire. Authority under the Communications Act of 1934 as amended.