

COMSAT HISTORY PROJECT

Interview with Lucius Battle

Interview conducted by Nina Gilden Seavey

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NG: If you could just briefly outline to me your tenure with COMSAT and just a little bit about the kinds of positions that you held there--just a broad overview.

LB: Well, I was first appointed to COMSAT as Vice President in charge of Corporate Affairs, or Corporate Relations, I've forgotten which the first title was. We used both of them at various times. At the time, I was first approached I was Assistant Secretary of State for the Near East and South Asia. I was still in government, and I was aware of the fact that it was going to be some difficulty in getting myself sprung from that job, because the President had to agree to it, for me to be able to keep my pension. I could not leave, as I was a very senior Foreign Service Officer, and retirement at age of 50 had to have the approval of the President, and it was not good enough that I wanted to retire, it had to have his approval. It took some time, it took some months, I would say six months, to get the thing so I could get out of there. I knew that I had to leave, because I needed to make more money than the government paid me, and I had had an Ambassadorship and had

been Assistant Secretary of State twice, and really had nowhere else to go as a career Foreign Service Officer. I wanted to get out, and I was also eligible of pension retirement from the Department of State. Therefore once you reach your retirement, the whole economics of the thing changes because you get the pension and you're working for the difference between whatever the pension would be, and whatever your salary was. So there were a lot of real pressures economically and otherwise for me to get out and I wanted to try something new. I was approached by, I guess the first conversation was with David Acheson, and he suggested it, I hadn't really thought of it, he suggested it, I was then talking about taking another job that I had been offered, and he said, "Well, why don't consider coming with COMSAT? And he said, "Let me arrange a lunch for you," and he did with Jim McCormick, who was then Chairman of the Board and Chief Executive Officer and Joe Charyk, who was then President.

NG: And this was in what year?

LB: This would have been in '68. I would say fairly early '68 and probably along February or March, somewhere along in there, because I actually reported to COMSAT October 1, '68, and it

went on for some months. We discussed the....I had lunch with Joe and with Jim, probably two or three times, and with David--the three of them--and the conversations went well. I made it clear that I didn't know much about satellites. I didn't know anything about satellites. But, at the time, I had had a very broad international experience, and had been Assistant Secretary for an area encompassing 22 countries, and a lot of those were countries in which they had a very special interest. So, the other thing that they were interested in my bringing to the party, was the fact that I had spent a great deal of time in the Congress--with the Congress--I testified a very great deal and had a very wide acquaintance up there at that time. I had had a controversial, difficult post in the Department of State, and I had had to testify quite often, and had found, somewhat to my surprise, that I liked it. I hated it in the beginning, I absolutely despised it. Then, as time went on I a) got good at it; and b) I began to like it. I found I was really quite at home in a rough committee hearing and I didn't mind it bit. So those were factors. I also had done a lot--I'd had a lot of contact with the press, and with the City of Washington in a wide variety of contexts. Therefore, these were the things that I guess they thought I

would bring to the organization. I must say in all honesty no one said exactly the same thing to me about what they wanted me to do. The impression I got from McCormick was rather different from the impression that I got from Joe Charyk.

NG: And what were those impressions?

LB: Well, Jim McCormick kept talking about my running a think tank. Well, that really....and he had sort of a planning staff there, that didn't amount to much. He wanted to combine the planning staff and he had two or three people who were supposed to be planners, and that was all going to be under me and I was supposed to help plan and develop the strategy that we--we kept using the word strategy--for dealing with problems with the Congress and with the Executive Branch of Government. Charyk seemed to see the thing more....oh, the other thing that I never quite understood was that instead of reporting to the President officially, I reported to Jim McCormick, when I came over there. Although as far as I was concerned I reported to the two of them and I always tried to see that both were recognized, that I accepted the two of them as my bosses. I spent about four years--almost five years--there the first

time. Then I really wasn't doing a lot. There was a period in the fairly early stages--the first months--when I went around the world two or three times for the company. I led a little group consisting of a State Department man named Bill Miller, with whom you should speak, a very fine fellow. Bill was the top telecommunications man at the State Department and, well I guess Frank Loy was his boss, he was the second ranking [officer]. But at any rate, he was as much in authority on telecommunications in an international context, as there was in the Department of State. So Richard Mizrak, who was a lawyer working for COMSAT, and Bill Miller, and I went around the world together once, and then I went a second time I think with Mizrak and I think I went a third time by myself; not to all the same places but for various reasons I did two or three trips for COMSAT. I was traveling in the main, in the Middle East, in the Far East and areas of the world--India, Pakistan--areas that I knew very well and I had rather wide acquaintance at that time, I don't anymore.

NG: And the purpose of those trips was what?

LB: Well, the problem that they were working on then was

trying to complete the definitive arrangements.

NG: So you're now in '69 here and '70.

LB: This was early '69. It really began with a huge conference at the Department of State, which I always felt was badly scheduled. It began, if my recollection is correct, in late January of '69. The new Administration--the Nixon Administration--had just come in, had not had time to define its own policies in this field. The Chairman of the Delegation was Leonard Marks, who had been appointed by L. B. J. in that era and was permitted to stay--he was permitted to retain the job--but he represented more of the past than the present at that time. There were various, and I think quite understandable efforts, by the Administration, to interject their own people into our delegation. I, as an ex-Assistant Secretary of State....and it was the largest conference that the Department of State had ever hosted, largest international conference. But as an ex-Assistant Secretary I acted as sort of a liaison with several of the delegations from various countries and tried to help put together a package that was meaningful. It was extremely complicated and as a delegation,

we were not terribly well-prepared for it; first partly due to the timing on it and partly due to the fact that we had people who were not terribly familiar with all of it, who suddenly--including myself--who suddenly felt they had to cope with it. My own role in that was quite minimal, I didn't seem to do very much that was very important. I entertained a good deal for them, and we had a lot of delegations around to the house, and I did spend a lot of time seeing people and talking with various delegations, some of whom I had known before, or had contacts with. There were a lot of Ambassadors from various of those countries who were sitting on their delegations and I knew the various countries and I knew many of them. So I was sort of a liaison at that point with some of those delegations, I really don't feel that I played a very vital role. But, at any rate, after that and after the conference finally adjourned, we were sent around the....I was sent out with Bill Miller and Richard Mizrak on these trips that I told you about.

NG: And these were essentially to, what, sell some....kind of services or....?

LB: To try to answer questions that various governments might have. To try to get them to go along with us on certain issues that we felt....I would have to go back and review the file and tell you precisely what the issues were at this point. It's been so long now I've forgotten. Some of them were issues that were just new to everybody. Voting rights, for example, the whole structure of the organization, the Assembly of Parties, the Board of Governors, the whole thing. These were new concepts, these were things that had to be adjusted to suit various counties' situations--or at least understood to suit them--and that was what that sort of was all about.

NG: Now when you say that you went on these trips, this was during the time between '69 and '71 when the arrangements were still being negotiated. Now did you at all work with, say, U. Alexis Johnson?

LB: Oh, yes, well I had know Alex Johnson for a very long time, and Alex, he was an old, old friend of mine, going back to the '40's. I remember seeing a good deal of him, and I remember taking him to lunch with Jim [McCormack] and Joe Charyk and possibly--I don't remember whether Johnny Johnson

and David Acheson--but at any rate I was the one who'd known him, and that at least started off our relationships with him. He became the senior man and was very much involved as time went on. Of course, the conference adjourned and then reconvened and then it went on and all this went on for some time as you well know. We had this various Assistant Secretaries. At that time, there was a Deputy Assistant Secretary for Telecommunications, Frank Loy, who'd also been in the [State] Department with me. He's now--you might go by and see him--Frank is now the head of the German Marshall Fund and he's very knowledgeable. He was in charge of telecommunications and aviation. Those were his two main things, and Bill Miller was his assistant. There were a couple of others there too whose names I can't remember. But it was that group with whom we worked, and that was the key group that we dealt with the whole problem. This had to be an international agreement, you see. Therefore, it had to be a government to government agreement. The assignment to the operating entities varied by country. In some instances it was government, in some instances it was private PTT's or whatever. So it varied considerably by country, and there were implications, of course, of varied kinds for various countries.

NG: Now, you're not meaning to say that you negotiated actually on behalf of the....you basically, if I understand this correctly, smoothed the waters.

LB: Well that is true. The trips we took, of course, we had the State Department with us--Bill Miller. So it was the three of us, Richard Mizrak was there to keep me out of trouble and I was there sort of because I had a lot of contacts and I knew a lot of people. We were rather well-received abroad and in countries--particularly those countries that had been in my jurisdiction when I'd been Assistant Secretary of State, and I knew the foreign ministers and the deputy foreign ministers of those various countries--and that was sort of what I was doing. I really didn't know much about it, and Miller and Mizrak knew infinitely more than I did, and let's face it, they were better equipped to deal with it than I was. But, I guess in a way we got different kinds of audiences because of my presence in it. I don't know, I guess that was it. But after a time, after we had the first meeting or two in each of these countries, usually they did most of it, because it got too technical and I didn't have the background. I came back and after all this period was over, this went on for a long time, what was the

date of the signing of the....

NG: August, I believe, of '71, or maybe it was earlier in '71, I'm trying to think of the actual date in '71, but it was in 1971.

LB: Yeah, it was almost three years, you see. All of '69, '70 and '71. That went on and all during that period I was in varying degrees mixed up with it. And....

NG: Let me just stop you right there so that we can, not just go chronologically, but also thematically in the sense that....let's talk a little bit about the permanent arrangements and what you thought that COMSAT may have given up in those negotiations or what they may have gotten out of it. Obviously, you say that you weren't that technical, but you certainly had a good idea of what the trade-offs that were being made were. Can you explain a little bit about those?

LB: Well, I thought the arrangements proposed....of course we were wrong in a number of contexts. But we were right in a lot of contexts. The first thing I think you have to understand is

the Congress and its infinite wisdom--it doesn't always have it--had made a provision in the Act, under which COMSAT was formed, that the global system should be put together with due regard for the underdeveloped world as well as the developed. Now that is a very important policy statement. Now the temptation....everyone knew that there was plenty of traffic between the United States and Europe, and between the United States and Japan, and that there was plenty of business, but the requirement under which we operated necessitated due attention to Latin America, to Africa to the Middle East, to Asian countries other than Japan, etc. This had an important impact on it. At that time, everyone thought that telecommunications--telephone, telegraph all these services, (TV was a very minor part of it)--but those followed commerce and tourism. In other words, you didn't have a need for TELEX and telephone until you had tourism and business arrangements, economic arrangements. What became clear and rather startled everybody, startled me at any rate, was that this kind of availability of telecommunications generated tourism and business as well as followed it. So it preceded it in a way. It was not at that time....I remember at the time I went over the COMSAT, we controlled, we were roughly 60 some odd percent

of the traffic; 68% I think at that time.

NG: 61%.

LB: 61%? It always....I remember someone saying, "We'll never get below 30% under any circumstances, and more likely 35%." That was the talk at that time. We never anticipated the degree to which the U.S., as a user of the system, would decrease in relative terms. Now the use of the system has increased enormously, but the rest of the world has used....their's has increased faster than our's has. Therefore that was one thing that we did not anticipate, and so that the control of it, which looked as though we would always have a negotiating position that would assure U.S. dominance of the system, wasn't the case as time went on. I don't know that we should have anticipated that or not, but I think the growth of the system and the location of the growth, rather surprised us a bit.

NG: You mean in terms of Third World participation?

LB: Third World participation. You had African countries,

Latin American countries using it tremendously. In a few instances, domestic systems, Algeria for example, built upon the international system but using satellites that were part of the international system for their domestic needs. That was relatively minor, I don't know what it is today. But for a lot of reasons, the Third World became a much more--and fairly rapidly--a much more dominant force in the whole thing than we every anticipated.

NG: That has happened subsequent to what you expected in '69 to '71?

LB: '69. Well, in '68, '69' and '70, we thought that the U.S. role would always be a very...we didn't anticipate the changes that came nor as rapidly as it came. We always saw...what is it now, 20...?

NG: 23%.

LB: 23%. I don't think anybody anticipated that it would every go down to that. I remember people saying to me, "It can never go down below 30." That was projected way into the

future.

NG: So what are you saying then? I think that Third World nations had a significant voice in the definitive arrangements.

LB: But it became more and more significant. I mean the structure that was built, the voting, the ownership depended on use of the system, and the use of the system was recalculated every year. So what happened was, the voting arrangements that were given them, under the definitive arrangements, gave them a control sooner than we ever had anticipated and gave them a voting right, very much quicker than we had assumed.

The other assumption, and this was a rather smug and slightly arrogant attitude on the part of the United States, was that we were the only ones....I remember one of the first staff meetings I went to, when they were talking about the international headquarters, the fact that some of the countries wanted to take on the management on an international basis, rather than the U.S. as manager--which is the way it was for a long time as you know--and I raised the question at one of the first meetings I went too, I said, "But is there another

country or combination that has the technical competence to manage this?" And the answer was, "Certainly, not now." Therefore, it was not believed at that time that anybody could do it except us, you know. There was that sort of smugness that nobody was able to cope with all this intricacies and the complexities of this thing, in the way that the United States would. So it was viewed in the beginning that while, yes, the definitive arrangements did in a conceptual sense permit other countries to control and become very dominant forces, that would not happen for the reasons that the U.S. percentage of use was going to be very, very high and nobody had the technical confidence, anyway and they weren't going to be foolish enough to give up an effective operation and take a chance on some other group. Now this kind of pressure....a lot of things developed over the years, later, that didn't follow quite with the pattern we had in mind. But those were the big changes. Those were the big things.

NG: Now are...let me ask you one question, which is, do you think then, when we agreed to the five year continuing management, and then the turnover of the management to INTELSAT as an independent organization, do you think at that time we

believe that we would still be more dominant?

LB: Well, I think we thought that we would have a much larger vote on it and we could control it to a much better degree than we did, and that you were guaranteed a minimum of five years, but there was no limit on being able to do it beyond five years. So it was generally thought at that time, that sure, you had a five year arrangement, but that probably wasn't going to come off, and there was probably going to be a change in it, and that they would recognize that they needed us, and we had to make concessions to various things, but nevertheless, in all probability, our voting percentage would be very, very high for another five years, and that, moreover, nobody could really run it effectively except us. There was that attitude.

NG: So in that sense, they were surprised?

LB: We were wrong. We were surprised. Surprised by the fact that it changed as rapidly as it did, and that the Third World became as dominant a force as it did as quickly, and then other things rather surprised us, I think. The politics, on an international level, were very interesting.

NG: In what sense?

LB: There was competition and the underdeveloped world....well Europe began to want a piece of the pie. They wanted the contracts to build the satellites. They wanted to launch, those pressures went back a long way. They wanted subcontracts on the construction, etc., etc. So the issue, the position we took, was: "Best delivery dates, best service, best price." We found with the Third World supporting us, not because they had an particular desire to have the United States win all these contracts, but they were very concerned about the cost of it. So the politics of it became not so much a tie to the former colonial power--France, British or whatever--or pressure from Europe on these Third World countries, but rather they all had the same interest in keeping the cost down and they had various ministries that were handling it for these various countries, had to justify their own budgets; all these were perfectly natural functions.

NG: So are you saying the Europeans didn't want best product, best price?

LB: They wanted Europe....

NG: At all cost.

LB: They were willing to support each other, and while they gave lip service to best price and best delivery and whatever, best service, they were pushing like crazy to get their contracts regardless of what it might do in the other terms. But the Third World stepped in and in many votes [voted] in opposition to Europe recognizing that it was going to cost them a great deal of money, so their cost was going up and that became more important than the politics of it. So, the issue of developing competitive forces to the U.S., the Third World rather liked that. On the other hand it didn't cost anymore, and so there was a kind of contradictory force of pressures there that I think were rather interesting.

Then the next thing, it seems to me, the definitive arrangements, sort of a large factor in it. We then went through a long period, I first tried to define precisely what it was I was supposed to be doing. The Congress--everyone anticipated that [the negotiations] taking a lot of time--it

really, the Congress, sort of lost interest in the whole thing. The Congress didn't pay any attention to us for a long time in any very serious way. I used to make a great effort of seeing new Congressman who came to town for the first time, and acquainting them with what we did and informing them. I used to do a lot of that. I would keep rather close touch with the staffs of the two or three key committees up there, and also with the foreign affairs committees, which had some interest, but that didn't amount to a lot. I mean, I wasn't really....there was no great pressure from the Congress, I also tried to keep them informed, I would write letters to them about filings that we made of great significance. When we took a position with respect to domestic service or whatever, I tried to inform the Congress of what we were doing. I had the Public Relations, Matt Gordon and the Press Information Service was under me, and he was--I was very fond of Matt--he was quite a character. He was an interesting fellow, but he was not awfully well organized, but he was very well informed, in terms of what he was doing. He knew pretty much what was happening and he had a few rather good and useful friends for us on the Hill--Nick Zapple, more than anybody. I had the small remnants of a planning staff, which didn't accomplish much, and we

finally abolished [it]. I got a little bit bored with everything, so I left.

NG: COMSAT, you mean. And that was in what year?

LB: That was '73. That was the end of my first tour in COMSAT.

NG: Now let me just get this straight. When you say Corporate Relations, as much as I could figure out from that, basically you were a trouble-shooter?

LB: Yeah, that's pretty much correct.

NG: I mean you had, from what I could tell, your hand in a lot of different things, but they that weren't necessarily similar.

LB: I had my hands in a lot of things. I wasn't really, I really wasn't, it seemed to me, I didn't play a very major force [in] the first round, the first five years. I was deeply interested in the Middle East, having been Ambassador to Egypt, and an Assistant Secretary for the area, and I was offered the

position of President of the Middle East Institute--at considerably less money than I was getting at COMSAT. They offered me more money if I'd stay, and I said, "Oh, no, you're overpaying me now, I don't think I want to do that, I'm not doing very much around here." So, I left. I became President of the Middle East Institute, which I enjoyed very much. About a year-and-a-half later I was approached to come back and I went back. So I had two tours of duty with COMSAT. I said when I went back that I lacked five years of my retirement, and I said, "I will stay five years, I don't know what I will do after five years." I keep moving, I don't stay in any place very long. So, at the end of about four years I reminded people--nobody took it very seriously the second time--that I would be moving again, I didn't know what I was going to do. I stayed on five years, I stayed almost six years when I went back.

NG: And your position....

LB: The second time I went back I was sort of number two in the company a good part of that time in terms of rank. I was Acting President in Charyk's absence a lot of the time. And I

had the legal eye,^{1/} I'm a lawyer but not a very good one. Well, I never have practiced you know, and so I'm never....the legal world has never been a major....even though I'm qualified and I'm a member of the Bar, I really wasn't very serious about the legal^{2/}. I had [the] legal [department], and I had [the] international [division] the last time, at least initially. [I also had] the^{3/} planning staff which again we felt wasn't working very well, and Joe McConnell, I felt unwisely, abolished it, made us abolish it too soon. I had the international, public relations, legal, planning. Those were the four big areas I had, and public information and press. So it was a much larger job when I went back, and then the other thing that I felt the second time I was over there, I did a better overall job. For the first place I had more functions than I had before and I was no longer a trouble-shooter exactly as I had been. I also tried to make the place work a little bit better. We has all sorts of organizational problems.

NG: In what kinds of things?

1/ change "eye" to "staff"

2/ change: "legal" to "law"

3/ add: new

LB: Well, the problem that has plagued that building all these years is flow of information. Nobody knows what anybody else is doing, and there are more little....I don't know how it's functioning now, it may be totally alright, I've been gone now for four years, so I don't know. But it always had a terrible problem of knowing what it was about at any given time. What it was supposed to be doing, its policies were not clear, and it was very disconnected with respect to a lot of things. I tried to make people work together and I became....a couple of them said I was the company chaplain, which I guess was in a way true. A lot of people would come in and tell me their troubles, and all that sort of thing, and I'd try to straighten out what I could, so there was a lot of that. I continued doing a lot of the things. I had a person in charge of Congressional Affairs with me. Two people most of the time--three part of the time. Again, we didn't have any real problems with the Congress. A lot have emerged since I left and they have a different set of problems now than they had in those days, but there weren't any serious Congressional problems. We had a few, but they were relatively few and looking back on them, they were not earth-shaking. The kinds of problems you've run into recently about monopoly--challenge

to the monopoly and position and all that on international--none of that came up at all in our time.

NG: Yeah, that's very recent.

LB: Yeah, that's all fairly recent, and so the magnitude of Congressional problems....we had some rather serious problems with the government at that point.

NG: Well, I want to get into that, but what I'd like to do is separate this out into two sections, one is your actual involvement in the company and then your perceptions of our relationship with entities outside of COMSAT. Let's start though with your comment about this identity crisis in the company. During the time that you were there, both times, the company went through a fairly large changeover from becoming an international monopoly to getting more into other kinds of business systems: SBS, DBS, ERT, the Environet concept, whatnot. What is it that you think brought COMSAT to those specific businesses, and how did they fair and what kinds of things do you think--they way that they made decisions--did you think affected the outcome of those businesses?

LB: Well, there were two or three factors. One is we never knew what we were on the domestic front. The issue of domestic service....we put this system up for AT&T, three satellites for AT&T, and that was simply a provision of service to one customer.

NG: But a large customer.

LB: But a large, the big customer. But it wasn't something we ran on our own behalf or services we provided consumers, not at all. It was all provided to AT&T. the other thing was we had one hell of a lot of money, we didn't know what to do with. The money just poured in. The international system was coining money there for a while, and we were under enormous pressure on rates. The FCC wanted an adjustment on rates, and that was because we were making a lot of money. The rate case argument was just devastating in many respects and occupied an enormous amount of our time. But nevertheless, we were amassing large amounts of money and we didn't know what to do with it. The discussion on the Satellite Business Systems began before I left the first time.

NG: It would have been CML at that time.

LB: Pardon?

NG: It would have been CML, it would have been negotiations with MCI and Lockheed.

LB: Yeah, that's right. MCI and Lockheed at the first round, and which later became Satellite Business Systems. But we went on the MCI and Lockheed in the first round of negotiations and then about the time....while I was gone, the arrangement with them began to sour for a lot of reasons, I wasn't involved with any of that. We came back, they were looking for partners and [the] IBM and Aetna arrangement was worked out. I thought, I took for granted, what was told to us with respect to market surveys and it just seemed to me to make a lot of sense. And it was a disaster. Now exactly where we went wrong on that one, I don't know. The satellite to home broadcasting--direct satellite broadcasting--I never did think was a good idea. I registered objection to that one before I left. That was in the process of development before I left and I objected to that on two grounds--although I don't even remember exactly where it

was when I left, but the decision on that was made after I left. I wasn't there when this IBM and Aetna arrangement was made, but I would have supported it had--I thought it was right.

NG: So you're not saying....

LB: I'm not trying to say, I'm just saying that that would seem very logical to me. It was a provision of a special service to what looked like to fill a need with a lot of companies that had lots of branch offices of one kind or another and that seemed to me to be....the market wasn't there and a lot of things went wrong. But the other one, the direct satellite to home broadcasting, I objected to on several grounds. One is, I felt that we did not know anything about provision of entertainment. We had no....John Johnson and others argued that, "Well, you can buy that, you just buy that sort of competence, and we'll find people who do know about that," and so on. But the other thing that troubled me about is that it seemed to me that cable would work just as well and consider probably cheaper for all the big markets, where the big cities were, cable could be put up very cheaply. Where the

satellite to home broadcasting would work very, very well, is where there were no customers; the vast open spaces--Wyoming and Montana beautiful--but they couldn't possibly afford a cable system out in the remote towns and whatever, and it seemed to me that we were putting it into situations in which there could be very few customers. Therefore, I never could see the appeal of that on those two grounds, and I argued that those points. Although I wasn't there at the final [decision], maybe there were more valid arguments than I know at the time. But that was my view of the whole situation from the beginning to end. I didn't feel that we had really staffed that one out adequately. At that point, SBS seemed to be going alright, it was slow, it was costing more money--this was 1980 when I retired--and the SBS, while it was costing a lot more money we all felt that it would ultimately be a big money-maker for us, and this was going to be very successful. I never did feel that way about satellite to home broadcasting. ERT was a small potato, that one....

NG: Well, I guess the point there being that that was a move of acquisition as opposed to merely diversification within company.

satellite to home broadcasting would work very, very well, is where there were no customers; the vast open spaces--Wyoming and Montana beautiful--but they couldn't possibly afford a cable system out in the remote towns and whatever, and it seemed to me that we were putting it into situations in which there could be very few customers. Therefore, I never could see the appeal of that on those two grounds, and I argued that those points. Although I wasn't there at the final [decision], maybe there were more valid arguments than I know at the time. But that was my view of the whole situation from the beginning to end. I didn't feel that we had really staffed that one out adequately. At that point, SBS seemed to be going alright, it was slow, it was costing more money--this was 1980 when I retired--and the SBS, while it was costing a lot more money we all felt that it would ultimately be a big money-maker for us, and this was going to be very successful. I never did feel that way about satellite to home broadcasting. ERT was a small potato, that one....

NG: Well, I guess the point there being that that was a move of acquisition as opposed to merely diversification within company.

LB: But the whole business of ERT, stemmed from the fact that we just had all this money, and we didn't know what to do with it and here was a little company that had done very, very well...well it really didn't have much to do with satellites, but you could make a kind of a case for it. It was a relatively....I've forgotten what we paid for it, \$20 million wasn't it, or something like that? It was Dick Bodman and John McLucas thought it was great, and I didn't have any particular objections. I didn't think we gave ourselves the most careful hearing in the building, which is one of the things, the organizational aspects always bothered me a little.

NG: You mean in terms....

LB: Yeah internally, we didn't really go into all the merits and demerits of it adequately. It all became so highly personalized and became a kind of act of faith in John McLucas and Dick Bodman. So, I don't know whether it made sense or not at the time. It's awfully hard to know. It was a highly personalized decision, it was inadequately studied and it was all....it was turned down at one point, and then I had lunch with Joe McConnell, and he asked me what I thought of it and I

said, "Well, Joe, I don't think you've ever listened to the arguments pro and con." I said, "I think you, at least, if you're turning it down you ought to explain, and hear out, Bodman and McLucas." Well, the next thing I knew, not only had he heard them out, and I wasn't present, but we'd gone back the other way, and taken it on; you know, just suddenly. It just seemed to me to be a disorderly way for us to operate.

NG: Although I understand that McConnell was very much that kind of Chairman, very capricious....

LB: Oh he was, oh, very, oh, very, oh, very. But that was the way it was, you see. then it suddenly happened and I was astonished. I was just trying to smooth out the thing and get the Chairman to explain to Bodman and McLucas why we weren't going to do ERT, and I did force the appointment [for them to meet], but I wasn't trying to get the ERT thing reversed [laughter]....

NG: You weren't arguing for it [laughter]....

LG: And I was absolutely astonished. Well I wasn't exactly

against it either, let's face it. Because it didn't seem to me to be a major undertaking anyway we looked at it, and Bodman was so uptight about it, and McLucas too, that I sort of thought on balance that it probably was a pretty good idea, although I was never widely enthusiastic, but I wasn't the proponent of it. They were the big proponents of it. But I was a proponent of trying to make this a part of what I was trying to do at the time--and never succeeded totally with it--but that was to make us operate a little more orderly, a little more efficiently, a little less capriciously than Joe McConnell wanted to operate. Joe and I....I got along fine with Joe McConnell, I was one of the few people in the building who did. Partly because I would talk back to him, and I would laugh at him, and I didn't take him all that seriously. Joe, he was something. I always stayed late on Friday, and everybody else left early. He'd call about four o'clock every Friday afternoon. He called me everyday, and he was raising hell about something. He called up and he said--this was the first round obviously, so I was Senior Vice President at that point--he called up and said, "Alright, where is everybody?"

I said, "I don't know where everybody is."

He said, "I can't find a Vice President in that house."

I said, "You've got one, what do you want, Joe?" [laughter]

"I just want to know where everybody is."

"I don't know where everybody is, you've got me is there anything I can do for you?" I mean that was the kind of conversation we had. And God, he would make me mad at times and I would talk back, "Joe, you can't do that, you can't say that, it doesn't make any sense." It would be that kind of thing and he took it from me--you can ask around--we got along pretty well.

NG: But that goes into something else, though.

LB: What?

NG: The Board in this company really exerts an enormous amount of influence, a lot of day-to-day operational management oversight than many, many other corporations where essentially, Joe Charyk were his equals or his peers would be making many

more of the decisions, than, in fact, Joe McConnell or John Harper or the present Joe Charyk would be making.

LB: Well, I don't know how its operating now, but that's quite right. There were two factors here. They fiddled around with things a lot more, but they didn't know much about it. It's a very complex program. Not only is it complicated technically, it's very complicated organizationally. The interrelationships between the FCC, with the Department of State with respect to foreign policy implications of decisions--those I suspect you're not getting as much, well you may be on this competition factor. I had it with respect to China and all kinds of things I used to deal with a lot of those things. But, it was a combination of Board involvement, but without [the] Board constant following the detail of a very complicated....

NG: So they were in making decisions without being operational.

LB:...so that made it worse than ever. That's right. They weren't really operational. They didn't really understand what they were doing, but they would start fiddling around with it.

NG: To what do you attribute that characteristic?

LB: Well I don't know. In the beginning, I think it was all just very interesting.

NG: So they just wanted to get their hand in it?

LB: And they wanted their hands in it, that was part of it. The second thing is that the original structure, when I first went over there for board meetings, they lasted all day long. They weren't decision-making, they weren't rubber stamp meetings. They went on all day long, there was a session that went on in....in McConnell's day there was too perfunctory a look things. He was meddling around in everything but the Board was not, and the Board meetings rarely lasted more than an hour, and we switched to have the dinner the preceding night and in the early days, we had a dinner, then we had a luncheon the next day, the meeting went on all day and everybody was briefed within an inch of their lives on everything that was going on....

NG: A marathon.

LB: It was a marathon. And even with that, it was very difficult for them to....

NG: And that was under McCormack?

LB: That was McCormack. McCormack had a terrible tendency that I never could figure out. He loved to wring his hands in public. He loved to tell everybody how desperate the situation was. Half the time the reason it was desperate was that he'd gotten it there. During the course of those negotiations on the definitive arrangements, he got me to get appointments with some of the key Senators, and he and I went up and I said, "Jim, what do you want to accomplish at this meeting?"

"I just want to tell them our troubles."

I said, "I don't believe you would go up and tell the Senators that things are bad unless you want them to do something." We went down and getting an appointment with Senator Pastore was not easy, and you could only get so many appointments on an annual basis with Pastore, you couldn't expect to see him on a regular basis. We, he and I, went up to see Pastore, and it

was just a disaster. He just said, "We were not getting along very well, we were having a terrible time, and the problems of the Third World..." Things weren't really that bad at all, Jim just loved to wring his hands. I was very fond of Jim McCormack.

NG: Do you think he was indecisive?

LB: I think he was indecisive. Now I don't want to be quoted on this sort of thing in your book, if you write it. I mean....

NG: Just go ahead and say it, and that will be duly noted [laughter].

LB: I don't want to be quoted on that. He wasn't always indecisive....

NG: Well, you're not the only person who has made this comment.

LB: And that was a problem for the period that I was there.

The combination of Charyk and McCormack, at that time, wasn't a very happy one in the sense of running the building. Iy just....McCormack was the Chief Executive Officer, a wonderful man, a thoroughly decent, nice man, and I liked him very, very much. But I can't say, in all honesty that he was a very effective Executive Officer in a building that needed leadership and needed to pulled together.

NG: And what about Joe Charyk during this time?

LB: Same problem with Joe Charyk. At that time he wasn't Chief Executive Officer and so it wasn't his responsibility, it was somewhat different. But there were various efforts, we did retreats, we went to Bermuda a couple of times, and we had long morning sessions in which we were all supposed to thrash around about problems, and do things. But nothing much came out of it. Most of them played golf or tennis in the afternoons, we had the mornings together--that wasn't too bad. But they weren't very....they had no real [impact] on the direction we were going.

NG: And McConnell changed all that?

LB: And McConnell changed all that. We went down to Florida once, maybe twice. I guess twice. He didn't like it. He didn't like to have everybody confront him at one time. He dealt with everything in an individual, piecemeal basis, you see, as opposed to a collective entity. That was absolutely contrary to the way I had run numerous organizations, so I had had it. It was not, in my judgement, the way to run an organization. But that was the way he wanted it, it was the way McCormack did in a way, totally different. But nevertheless, that was sort of the way it ended. That has been one of the things that has plagued COMSAT from its very beginning, is that the objections to directions of policy were never thrashed out adequately, collectively. And nobody...and people who had objections, had no voice in the decision, people who frequently knew most about it were not pulled into the decision-making process, and things frequently got decided without adequate consideration of pros and cons.

NG: Well let me ask you a question there, which is one of the ways the COMSAT Boards have been characterized is as Boards of superstars. You have a lot of gentlemen who are very big Chief Executive Officers and Chairmans of other major, large, American corporations. This can go two ways, one is that this

can really be a big benefit to a company, on the other hand it can mean a lot of very elderly men sitting around cogitating and not really taking any decisive action. How do you see the Boards?

LB: Well, I thought there were too many stars on it, too many of them were on the last leg of their career. They weren't all old, but there were a lot of them on the last leg of their careers, and they'd all been major figures. Some of them....Fred Donner, who'd been Chairman of General Motors and the highest paid man in American for a number of years, did a very good job. He really did his homework, he studied his papers, he knew and he was very good, and went into the detail of the operation. A lot of the others were just sort of broad brushed, did not come terribly well-prepared. I remember a very close friend of mine who was on that Board once--years before I went over there--he said, "I'm on any number of Boards," and he was, and he said, "I know less about what goes on in COMSAT than I do about any one I'm on."

NG: Who was this?

LB: Eugene Black.

NG: Uh, huh. From ITT?

LB: Uh, huh. Gene Black was on American Express, ITT, any number of Boards. He's still alive, he's a very good friend of mine. But he said, "I find it very difficult to grasp what the real issues are that the Board ought to decide." This was one of the problems, the subject matter was very complicated. The normal business judgments that these men were equipped to handle--and women, there were not many women, one woman. Is there a woman on the Board now?

NG: I don't know. Joan Tobin.

LB: Joan Tobin's no longer on.

NG: No, but she was on it. Right now I don't know if there is one on it. I don't think so..

LB: I don't think there is. I made up a list of women and tried to get a woman on, one or two women on there years ago,

and....

NG: I'm not so sure that would be Joe McConnell's first idea.

LB: It wasn't. He didn't like the idea at all. I gave him a list of what became extremely competent publicly accepted figures. I had put a lot of time into preparing a list of women and I'd urged their acceptance.

NG: Can you give me some of those names?

LB: Well, Anne Armstrong, later Ambassador to the UK, Juanita Krepps, later Secretary, those were both on my list. I don't remember, there had two or three others. But at any rate there were some real stars on that list and at that time they weren't big names. And I said, "These are all very well known women," I had checked all around and I gave them a list that was very, very good. I dusted it off some years later and I sent it back into them and I said, "You see what you might have had." You know, by that time it was too late. But we got Joan Tobin who was appointed by the President. I think she switched over to

the other^{4/} side, after a time.

NG: Uh, hum.

LB: But at any rate, the Board, like so much of COMSAT, has never defined itself in a totally adequate way. It's own role was haphazard.

NG: I want to get more into this idea of your saying you don't feel that it has defined itself. I'm not getting a clear picture of what that means.

LB: I'm not sure I can give you a clear picture.

NG: Give me some examples of ways that you feel that it was undefined, if you can.

LB: No. There were times when we wanted the Board to go see people, I didn't want it. But it was suggested that they, for example, one moment there was an effort made--I don't remember whether this ever came up--and we'd get the Presidential

4/ add: political

Directors to go see the President. They didn't have any clear course of what they wanted the President to do. they didn't know....and in my judgment they didn't represent the President on the Board, they were appointed to the Board by the President, but they were members of the Board. They were no different than anybody else.

NG: Right.

LB: At various times they would try to bring the Board in and they wanted the Board to go see people in the Congress. At one stage, Senator Hollings had a wild series of hearings to restructure the whole telecommunications [industry]--this would have been about '77, I guess or '78 maybe--but it was a wild scene. But I knew perfectly well, I told Joe Charyk, "This isn't going anywhere, it doesn't make sense, they're going to have a lot of hearings, and it's not going anywhere, don't get too excited about it." Joe got horribly excited, got the Board all upset, because these hearings, it looked as though the legislation was passed, there wasn't even any legislation before us. It seemed to me this was again, "Hey," I said, "This is what Jim McCormick used to do," his wringing of hands.

[The question was] whether the Board was to be an operating function and run up to the Hill. I made the statement once in one of the meetings....they would talk about how bad things were going on the Hill, they weren't going badly on the Hill at all. There wasn't anything happening, basically with any real significance. The slightest little criticism that came from a third rate hack Senator or whatever, would get them all beside themselves, and they would say....I remember with respect to the Hollings legislation, which drifted off into outer space....I said one time after they were all wringing their hands, I spoke up in the Board and I said, "This is not nearly as bad as you're making it. We've got a lot more friends in the Congress than you think, and this is not going to be a problem."

"Oh," they said, "We hope so, we hope so. God, if we haven't after all this"....they said...."you're supposed to make...."

I said, "There is nothing to worry about." Now that was the kind of thing that went on in the Board that I found what was their identity to run up and try to change....and we tried to use them that way, against my objection. And they

would....George Meany was supposed to call somebody about this, that, or the other thing, and we just....we were half using them as operating people in situations that didn't require them. There weren't many of the things that got them upset that the Board could ever have understood adequately to cope with.

NG: You mean just in terms of the technical aspects?

LB: Yeah, technical, or even the politics of it.

NG: Now one of the comments that I've heard in these interviews is that one of the reasons that the company maybe these "undefined" or whatnot is the issue that many of the people who worked in the company--not specifically on the Board, but who were officers in the company--are in fact government people. And that the company doesn't run so much like a company as it does like a little government bureaucracy. As a bureaucracy that would work, but as a company that has its drawbacks and specifically in terms of some business decisions that have been made. Do you agree with that?

LB: Well, on the point of a lot of people coming out of government, that's absolutely true. Perhaps a disproportionate number of them. On the other hand, their problem was you^{5/} suddenly had a new company and you^{6/} had to staff it with senior people and junior people, and you^{7/} had to bring in most of the people who came over there had background in telecommunications or space--Johnny Johnson from NASA, George Sampson from the Defense Department and Communications, etc., Charyk who had been Undersecretary of the Air Force--most of them had had an involvement with one or another aspects of it. It didn't run like any government organization I ever worked in. [laughter] I'll tell you it didn't. I'm not necessarily arguing that it would have been good, but the problem...you had some of the same problems in the State Department, we didn't always know....although you did have in the Department--in the State Department--a more separable group of functions by area, in which a lot of what went on could go on to without regard to what went on in the other areas. I mean Latin America and the Middle East had very little that

5/ change: "you" to "we"

6/ change: "you" to "we"

7/ change: "you" to "we"

overlapped; Africa and Asia relatively little. You come together in the context of UN and international organization matters and things of that sort. But it was somewhat more separable than I think COMSAT was. I suppose that's a problem. But I don't think that is really the fundamental difficulty. I think the fundamental difficulty is we didn't know what--and it wasn't all our fault--the Congress never defined adequately what it wanted from us domestically, that was an ill-defined, undefined set of functions that grew out of legislation, it simply didn't deal with it. The basic problem, in the beginning, was no one knew what the satellites were going to do. No one knew whether it was going to work or not.

NG: Well, that leads me into this other area that I thought we should go more heavily into, which is this area of COMSAT's relationship with the outside entities. In regards to the domestic issue and the way we developed our domestic systems--or the way that maybe we didn't take advantage of some of the opportunities--a number of people have commented that had COMSAT gone on the offensive, that had they gone to the FCC and said, "We're going to put up a domestic system," that they would have been able to get the whole ball of wax. They

wouldn't have had to split it with AT&T, they would have been able to do some things in the domestic arena that they have not been able to do.

LB: Well, that was my position. At the time we filed for the AT&T system, I was--it wasn't that I was opposed to doing that--but I argued that we ought to file for a multi-purpose overall system first, file for the second system too, that's alright, but don't go up there with what looked like a sweetheart deal with AT&T, where you're going to serve their needs and not the general public's needs. And then, oh, they had a couple of people who had a fit when I made that comment. I sent a memorandum around that got everybody upset about that one. It was ridiculous, you don't have a customer. I said, "Well, we either have faith in this thing or we don't have faith in it. If we have faith in it we ought to be willing to say 'this is what....' As we feel it out, it's going to take us two or three years to come to a head on this thing. But we ought to grasp the initiative here and we are the custodian of the use of it." Now, there had been an offer, at one point by COMSAT, but before I got over there, to put up an experimental system, which I thought was a very good idea. I even preferred

going back to that idea, than just offering the AT&T system, which a lot of people just sort of laughed at it. It wasn't really going to meet the challenge of the next two decades and it didn't. The kinds of things that have happened....look at all the satellite systems you have that have are sprung up in the years since, when we weren't willing to take--even though we had all that money--we weren't willing to take the chance of offering....I don't know that we had to put up the system, but at a minimum we had to test the interest in putting, our putting up the system. Well, there were customers out there for that kind of thing, whether there could be a television domestic or other service that was warranted on a domestic level. I don't think we did that adequately, we were too careful about having to have a customer, at the same time when we really needed to do some broad sweep, make some broad sweeping offers.

NG: Do you think the reason was that we would not get approval from the FCC or was it because they were afraid of losing...

LB: We didn't even try.

NG: Why not?

LB: Again, it was the fact that we didn't have a customer, and everybody said, "We can only put up a system...." Charyk, Acheson and a lot of the others that time argued, "We can only put up a system when we've got a customer who will buy it." Well, that's alright, I don't argue terribly with that, it's an ultimate position. But how do you know whether you have a customer if you're simply trying to negotiate with them, I thought you ought to show the people the promised land. That was my position.

NG: But that's a bigger risk.

LB: ZTat's a bigger risk. But you were either going to take it or you weren't. You didn't even have to take it if everybody rejected the service. But by offering it you, at least, would flesh out whether there were customers, and if you didn't flesh out customers, you didn't buy any satellites. But to go along forward as though you were going to do, look as if you were in control, that's what I wanted us to do. I think it was right. I think a lot of people who objected....no, I don't

know, I'm not going to talk a great deal about it. But, at any rate, those who felt differently at the time, I think might, at this point, say it would have been better. I think what happened is you have all these additional systems that sprung up, because we hadn't moved fast enough. If we had only been willing to take on those things that were absolutely....that's why we sat there with all that money, that's why we bought ERT, and fiddled around with SBS and all the other things; because we didn't know what else to do with it.

NG: So you're saying they were thrashing around later on.

LB: Yeah, later on, but by that time a whole series of organizations had come into being, and started and were more imaginative and some of them got customers, got systems up. That seemed to me to be wrong. And yet, I always was a little bit inhibited in the context of the thing, I never really knew as much about it as a lot of the others did, you see. On the other hand, I think my instinct on it, as I look back on it, was better than I realized it was.

NG: A number of people have made criticisms about COMSAT in

the sense--and this goes into the domestic satellite system--that they have not necessarily presented themselves well to other government agencies, the FCC. That they haven't been able to really get the Congress necessarily to do the things they wanted to....

LB: We never knew what we wanted the Congress to do. If we had taken the leadership, the Congress would have left us alone. I think again, that the domestic system, a lot of what happened was just the fact that we had--and part of this is hindsight, I'm not trying to make a better case for myself than I think I deserve, I'm trying to be absolutely honest with you--we had to define for the Congress, rather than waiting for Congress to define for us. If we simply kept them....and I never did feel that we had to....I thought we ought to grasp the initiative, test the waters, (those are awful cliches) but go for it.

NG: [laughter] They had to do something.

LB: [laughter] Yeah, we had to do something and do it effectively, and at least look as though we knew what we were

talking about. I think if we had done that the Congress, in part, would have gone along with us or challenged us. That didn't happen, we didn't make the effort. So, the fact that there was a vacuum, and others beginning to move in it, and various interpretations as to whether, what our role was domestically, by everybody other except ourselves. So, I think it was that that really became the problem.

NG: So you would apply that to the FCC as well as to the Congress?

LB: Well, I think the FCC, I found just a lot of things I found absolutely appalling with the FCC. You want to get into that one? Alright. Well, I found....it seemed to me the FCC was essentially a policy-making body and did not need to approve five new circuits to Italy, you know. The notion that you had to do these little operating things through the FCC seemed to me to be ridiculous, ludicrous.

NG: Too much oversight.

LB: It seemed to me they ought to define what they wanted and

then let us implement it. Instead, you had to go back over there every time, and they had a question of activating circuits--whether it was AT&T lines or whether it was COMSAT satellites--and solving that on everytime you had issues on those things, it seemed to me to be a little ridiculous, and I didn't care for that. Now during my time over there, the second round, I did more with the FCC the second time than I did the first time. I tried to put in, I tried to do two or three things, and they sort of worked. Everytime we made a major filing, I would have a one page piece of paper. I said to the staff there I said, "When I was in the Navy and staff jobs in World War II, we had a fictitious man named Major Smith, and Major Smith was supposed to be the dumbest man in the world, if Major Smith understood anything, anybody understood."

NG: A murder board.

LB: What?

NG: Amurder board.

LB: Yea. I said, "Write a piece of paper that Major Smith could understand, that says what this filing that's that thick is all about." And I said, "Then, I will take that individually to each of the members of the Commission." And I did, and that worked pretty well, I would say, "We made a filing today, it's a thousand page long or whatever, and I know you're never going to read it, but this is what it really is all about." And I said, "So you won't be caught surprised when you hear about it, this is the issue. There is no special pleading, this is a simple factual statement, this piece of paper." So I did that for a long time. The other thing I tried to get them to do was to stop....they were frequently calling each other names, calling the names of the opponents--ITT, AT&T or whatever--our filing, it was as though you were talking to them, not to the FCC. That just seemed to me to be ridiculous and pointless, and I said, "Stop using these invectives against....you're talking to the FCC and you're not talking to AT&T, and if you want to call them names go call them some names privately. I don't care what you call them, but don't do it in these documents that are going out to be filed to be read by everybody. That is not going to be conducive to anything." So the tone of our stuff got a little

bit better, I thought.

NG: Less combative, you're saying?

LB: Well, it was combative, but it was combative to the FCC and on the issue, rather than fighting with AT&T, or ITT or somebody else on the side. It was less combative in an indirect way, you see.

NG: Almost as if you're anticipating the enemy.

LB: Anticipating the enemy and then slaughtering him before he....

NG:even arrives on the battlefield.

LB: Right. That seemed to me to be an unnecessary invective kind of thing that we were always doing and I said, "You don't accomplish anything by doing it. It doesn't seem to have any impact, AT&T doesn't care." Then they answer you and you go on and on and on and we just add these volumes of stuff that nobody ever reads. And I said, "Let's also make a distinction

between filings of significance, and who do you want to read it. Are you expecting this filing to reach....is this really going to be something that the whole Commission is going to focus on, or is it just going to be staff?" And I said, "I will go see individual members of the Commission, individually on important things. I will not go over there and see them on things that should be dealt with by staff even though they may ultimately have to sign off on it. Let's select carefully those things that we think are important enough to warrant my using a meeting with the individual Commission." I got along pretty well with the Commission. Some of them I got along extremely well with. Abbott Washburn was a great friend of mine.

NG: And he was obviously very involved in the '69 arrangements. He would have been involved in that.

LB: Oh, yes. Oh, yes. That's when it really started, I knew him before then. But I knew him back in the other days on other issues, on other things we would have been working on.

NB: Did you have any dealings with a guy named Nick Johnson?

LB: Yeah.

NB: What was, I've heard....

LB: He was wacky, but he was interesting.

NB: A lot of people have said to me--a number of people have said to me--that people on the Commission, the actual Commissioners, looked to him as the sphinx on COMSAT, and the way that the Commission ought to be going on different COMSAT rulings. How did that affect the policy on COMSAT?

LB: Well, he asked a lot of the right questions, but he really was just trying to be sensational a lot of the time. He didn't quite....he was the only one of the few that wouldn't see me or anybody else. He wouldn't talk with the representatives of companies who were filing applications or pleadings or whatever with the Commission. Now I ran into him privately a little bit, and he and I spoke at a conference in Maine one Summer and we were together for about three or four days, and I came to be....I found him interesting. He was deliberately....he just wanted to provoke and he wanted to stir up, and he wanted the

sensational headlines. He was constantly looking for ways....I don't know what he is doing now, where is he now?

NG: I have no idea. As a matter of fact, I'm not even so sure that he is still alive.

LB: Well, he was relatively young in those days.

NG: Doesn't guarantee anything, unfortunately.

LB: No it doesn't. I just haven't heard anything from him for a long time.

NG: Well do you think that had any impact--any detrimental impact?

LB: Well, I don't recall that the issues that he dealt with, or that we dealt with at the time, were very heavily impacted. They always looked as though they were going to, and we were all scared of him for some reason...

NG: Well, he seemed to play at least a highlighted role.

you had depreciated them based on the length of their technical life rather than their whatever it was 40 years they were making money on those things.

NG: So you are referring to TAT V and VI at that time?

LB: Yeah, V and VI. TAT V and VI were put in at a time when you would have been by that time when they were technically obsolete, and you went on burdening the future. It's one thing to have the past burden the future, but it's ridiculous to have the future burden the future; and that's sort of what was done. These were new TAT's that were put in at a time when satellites were by far the more reliable and the cheaper of the two.

NG: Why do you think the FCC allowed that?

LB: Again, part of the old compromise. The compromise of AT&T, of use of the TAT's versus the satellites, it was nothing again but the compromise, which I guess is part of being a democracy, maybe, I don't know.

NG: Because there was a 1970 White House report--the Hinchman

Report--that said that the FCC was not using cost as a factor in making their decisions, so clearly there was something else going on.

LB: Well, there were arguments that the satellites were more vulnerable, and for a time I guess in the beginning, you could make a legitimate argument about how far would satellites go, the more advanced satellites were just beginning to be designed and built, and that you were still going to need both, and that the satellites were vulnerable, and could be shot down; all those arguments were made. So, there were factors other than cost.

NG: What about what happened to the Board as the carriers started to move off? How did you see the change occurring, say, between the first time you were at COMSAT and the subsequent time?

LB: Well, I thought it was a little bit healthier. More than a little bit. I thought it was a lot healthier. I thought it was unfortunate that the carriers were able to divest their stock at such enormous prices for the stock. They sold the

stock when it was very high. Some of it went at \$70, some went at \$80, very high, they got out of it, and the stock dropped after a time. Not because they had sold it. But they had really reaped huge benefits from their original ownership of stock which was given them as part of the compromise, then they made a huge profit and got out, and they were like bandits on the thing. I didn't think that was very good.

NG: Well ITT made out very well. AT&T didn't do quite so well.

LB: Well, my recollection is that some of them sold it....but they paid \$20 for it. So some went at \$58, I think, some went at \$70 and some went \$80.

NG: \$67, I think.

LB: \$67. I'm not far off.

NG: Yeah, I think AT&T sold out at \$43, I'm not sure.

LB: Really, I thought it was higher than that.

NG: I may be wrong, but that's the number that sticks in my mind. But, in any case, they did well.

LB: In any case, they did well, and some did extremely well. I thought that was a little bit unfortunate, that they had managed to lap up the cream when they really had, in effect, slowed down the development of the company to its ultimate by virtue of the compromise. There they were, and they were helping....

NG: You mean in terms of continuing to use cables.

LB: Yeah. And I thought that was not too good. On the other hand, I suppose, I think it was better that they got off than they not get off. It was a little bit, the whole thing was a little bit ludicrous to have them sit on the Board anyway when they were the customers. They had a slight....they tried not too, and it was awkward for them, too and I got to know some of those fellows fairly well. They would excuse themselves from votes, nevertheless, there they were.

NG: I guess one of the questions that's come up about the

carriers is that they did manage to bring the company to a level of technical expertise that would not have been there had that compromise not been reached in terms of the Series I and Series II stock. Do you think that we lost that when they left the Board? When did you....

LB: No, not in a technical context at all. I mean by that time....

NG: Or our relationships with other countries or whatnot.

LB: Well we were able to handle our own by that time, we didn't need them.

NG: So you don't think we lost anything in terms....

LB: I'm not even sure we needed them technically in the beginning, maybe we did. But for a relatively brief time, not for the length of time that we went on.

NG: Let's talk about COMSAT in the international arena a little bit. Obviously as the years have passed, our

relationship with INTELSAT has become more and more distant and our share has gone down. During the time that you were there, however, our influence was fairly potent. There was in 1967 I believe it was, Booz Allen Management report that was done....

LB: '67?

NG: I think it was '67.

LB: Well, that was before I was there.

NG: Right. But I think it will apply here....that basically said that because of the way that we conducted the management of INTELSAT during the time that we did have the management, that we managed to alienate quite a few of the countries and that we didn't have such a....

LB: That couldn't have been '67.

NG: Yes. Because that was during the time of the interim arrangements and the permanent arrangements.

LB: Yes, but we hadn't....well alright, maybe it was but the period of our management really was far from over at that point.

NG: Right. I'm not saying that anything changed....

LB: Alright. That we'd alienated a lot of people.

NG: Do you think that our relationships with foreign nations was suffering?

LB: Yeah, I don't think we were always as tactful as we might have been. I think we suffered from a couple of things. One is there was a certain arrogance, as I said earlier, about our technical competence and that nobody else could do it. There was a certain arrogance of that sort. There was a....and I think part of the....there was an attitude that....well, we were giving to the world a technology instead of trying to sell it to them; of course, we needed them to participate in it. But we didn't make it quite as much of a two way street as I would have hoped. We were impatient with them at times. We did get indignant with them at times. A little more patience

would have helped, but I suspect that the underlying factors were there and were going to be problems anyway you looked at it. I think it might have been....some of the problems we had with them might have been lessened. But I doubt that you could have removed....if you going into a period that ultimately the international system would control it--which you almost had to do--then you were taking on a period in which there was conflict; where we felt we had, and we did, and we didn't want to let go of it--the management--and we were the only ones that could do it. Part of it was just built-in, but it could have been....some of the relationships, I think, might have been a little less abrasive than they were.

NG: What do you think some of COMSAT's major achievements are?

LB: Well I think the major achievement is the international organization. While I haven't liked it all, I disapprove of a lot of things we've done over there lately, but there is no point in my telling you what I think about the thing today, because that's not part of the history that I participated in. I think our relations with the Director General have been unnecessarily complicated at times. I thought with Astrain

things went pretty well, all in all, although we made it very clear to him before he came into being that we didn't want him, and that wasn't a very good beginning. But we got over that after a bit and I rather liked Santiago Astrain, and I thought, all in all, given the complexities of his role in life at that point, he did pretty well with it. I think the present situation is not very good from COMSAT's point of view, and having Colino over there, with all the relationship problems that that entails....but there is no point in my getting into that one, since I wasn't there when that happened, but I never would have gone along with the arrangement of supporting him under any circumstances.

NG: What about its major successes? You talk about the international system, obviously.

LB: Well, I think the MARITIME system is a major success. I think that took forever to get going, and was unnecessarily again complicated, and whatever, but INMARSAT--which I think we can claim that we did some useful things for--I think that was a major achievement. I think we have kept traditional politics sort of out of INTELSAT. I used to use the example that in the

times of the Arab/Israeli Wars the same satellite carried the news from both sides and the satellite didn't know the difference. I think that's an interesting sort of a point. Well, there were conflicts politically, within the organization, they were north/south problems on the basis of cost of delivery date, they weren't traditional struggles between nations. In fact, to an amazing degree India and Pakistan and others who have had traditional conflicts managed to sit side by side in INTELSAT with a minimum of conflict.

NG: So you're saying that it's different then from other or international organizations.

LB: Yes, its very different. The kinds of political problems that have interjected themselves in other organizations, INTELSAT's been fairly free of. I think we have to give ourselves some credit for that, not entirely, but some credit for it.

NG: Are there any other issues that we haven't covered here, that you feel are important, that I may not have asked about?

LB: No, I may think of them later, and I have your telephone number if I do and if after poking around....you know, I don't think I have a lot to offer you. You need some more specifics on specific issues that I am able to give and my memory is not the greatest on some of these things, but I think what I've given you is the broad brush look at what went on, the period '68 to '80.

NG: Perfect. It's been interesting.