

COMSAT HISTORY PROJECT

Interview with Ted Westfall

Interview conducted by Nina Gilden Seavey

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Ted Westfall  
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NS: If we could just go all the way back to the very beginning, just to start with, and talk about your first contacts with COMSAT as you recollect them, as you best recollect them.

TW: My first contacts with COMSAT were in the early '60s before I went on the Board, when between AT&T and the rest of the industry and COMSAT, we were trying to work out some modus operandi, so that COMSAT could get into business with satellites and be guaranteed some business going in. And the question was, how the international business would be divided between satellites and cables.

NS: Now, were you actually involved with COMSAT during the development of the legislation or once it had already been created as an entity by Congress?

TW: I was not involved during the legislative period leading up to legislation.

NS: So you were actually not involved in the whole desire of

the carrier's to actually have the monopoly themselves?

TW: We never, as far as I know, AT&T was the only carrier who really urged strongly that they have the monopoly, because they had a monopoly of overseas voice traffic at that time. ITT never tried to retain a monopoly for the industry.

NS: Okay. So we're talking basically your involvement starting in maybe like early '63.

TW: Something near that time.

NS: Okay. Now, when you say that you wanted to guarantee some business for COMSAT, in ITT's mind, in your mind, in Eugene Black's mind, what did that mean? What was COMSAT's mandate?

TW: COMSAT had a mandate to put up satellites, to handle voice and data traffic, but they had no customer base. And the companies who had the customer base--the largest one of which by far being AT&T--and the other companies, were going to have to divert traffic to COMSAT in order for COMSAT to go into business.

NS: Now, how did ITT view their role at the beginning in relationship to that? Did they...obviously they had gotten on

the Board....

TW: No, this was before I got on the Board.

NS: Okay, so this is even before the stock is issued?

TW: Yes.

NS: Alright. Although, at that point, we do know that there is going to be 50 percent of ownership of COMSAT [which] is going to go to the carriers.

TW: Exactly.

NS: So that you know that you're involved.

TW: That, I think....I'm not sure about the exact timing, but in that period of time, we knew that there was going to be an involvement.

NS: Right, because in '62 was when the legislation was passed, and we're talking essentially '63 now. How did ITT view itself in that role? Obviously, AT&T had a very, very different role, because they carried voice. How did ITT view their relationship with COMSAT initially?

TW: ITT was in the international telex and message business. Out of the United States, they were a principle carrier along with RCA. But they also had substantial overseas investments in international telex and message traffic; particularly in Latin America, and the Philippines, and to a very limited extent, in Europe. So that our role was to assure participation in the transmission facilities, which would be satellites and cables.

NS: Right.

TW: And also to protect our customer base, because one of the things that we did support in the legislation, was that COMSAT was to be a carrier's carrier only and [was] not to deal with end-users.

NS: Okay. Now actually, let me pick up on that a little bit, because it's not until a little bit later on actually--until '64 or so--that the authorized user decision comes before the FCC. You may not remember the details of that, but it's the 30 circuits case, where COMSAT actually wanted to lease circuits directly to the federal government and in essence, be a carrier of their own. The FCC ultimately decided that no, that COMSAT was a carrier's carrier. Now initially, they had decided in

favor of COMSAT--that COMSAT should in certain circumstances be allowed to provide their own direct services.

TW: There was provision in the legislation that would enable them to do that for certain governmental functions.

NS: Right, and then this actually came under more scrutiny by the FCC later on. ITT fought that.

TW: Yes, they did.

NS: What was behind that? Why did they fight it?

TW: Because we could see it as an attempt to take over our customer base.

NS: Although, here is ITT, who is....I mean, they're big--they're not as big as they got--they're certainly not as big as AT&T, but they're a lot bigger than COMSAT. Why that fear? I mean, was there a fear that maybe satellite was more efficient than cable?

TW: No, not at all. We never regarded satellites as efficient as cable.

NS: Why not?

TW: Because it wasn't as cheap, it was more expensive. We subsidized COMSAT--all the carriers did--in the beginning. Satellites were more expensive than cables.

NS: Although, it provides you with a certain amount of other kinds of benefits, meaning you have multi-points. As long as you have an earth station, you can access a satellite, but to run a cable is really another operation altogether.

TW: Not really.

NS: You don't think so. No. Why...how do you see that that's different?

TW: Well, there's really no difference. You have a satellite in West Virginia. If you want to send traffic from New York, you've got to get it to West Virginia. If you want to send it from Washington, you've got to get it to West Virginia. You land at some point over in France, and then you've got to get it from there to Paris, or wherever you're going. Cable is the same thing. You've got a cable on the coast of New Jersey and it lands on the coast of France and you have inland facilities in both cases. There's really no difference.

NS: Well, one of the things that I know that a lot of people, during the development of the legislation and certainly afterwards, had some concern about [was] the relationship of the carrier board members to COMSAT. I was wondering how you viewed that; what could have been in essence a conflict of interest for the carriers?

TW: It was a conflict.

NS: You do believe that it was a conflict of interest?

TW: Oh, no question about it.

NS: Can you explain that more to me?

TW: Well, to the extent that COMSAT....they had a lawyer at the time, I've forgotten who their first lawyer was.

NS: Allen Throop.

TW: Yes, who had what I consider the most peculiar theory I've ever heard of in the business. One of the problems was very few of the COMSAT officials were businessmen. But, he had the peculiar theory that the Board had an obligation to put them into any business they had a right to go in. The upshot was

that, for example, they would go to....they would try to go over into beyond--even aside from the authorized user situation--they were eternally committed to trying to get into the....to deal directly with end-users, beyond government.

NS: Right.

TW: And we were in a position of their being granted a government monopoly in the satellite field. In other words, we couldn't put up a satellite in competition with them.

NS: Right.

TW: So, we didn't feel that they should be entitled to go direct to the end-user, because otherwise they got an advantage. We fought that fight with AT&T on cables in a decision called TAT IV.

NS: TAT V

TW: Well, the filing....once you talk about authorized users and so forth, I was the one who was doing that for ITT, so....

NS: Oh, I see.

TW: So, I am quite familiar with it.

NS: You remember that quite well.

TW: And, we fought that fight with ATT. They were charging us \$100,000 a year for a channel that cost \$200,000 total cost. They got their money back in two years. We had to fight the fight to own our own channels and we had the same problems with COMSAT. If we had an ownership position in COMSAT and they were only a provider of facilities, then we could run our end-user business, use their facilities and we didn't have to worry about how much money they made or what they did or anything else. But once they had both the facility and the end-user, we were at a disadvantage, because we didn't have the satellite facility.

NS: So you're saying that you felt--or that ITT felt--that it was being compromised?

TW: Well, we felt....no, we felt it would be unfair competition for one party to have monopoly on satellite facilities and be able to compete with you, and you couldn't get into it. We thought that ownership of facilities was essential to being able to compete end to end with end-users.

NS: Although, okay. Now, after the 30 circuits case is resolved and everybody agrees that there is--you know, that COMSAT is a carrier's carrier--and COMSAT backs down from whatever end-user desires that they actually had.

TW: We didn't back down. They lost the case.

NS: Right they lost.

TW: They never backed down

NS: Oh, okay. So you think that they were still chomping at that bit?

TW: We had a series of meetings; I've forgotten the year now. I led the fight on this one when Clay Whitehead was running that office in the White House.

NS: Well, that would have been in the '70s....Oh no....probably in the late '60's.

TW: Probably in the late '60's, yes.

NS: '68/'69.

TW: And there was [an] attempt made to push--by COMSAT--to take over the overseas facilities of the other carriers. And we finally--well, I finally--wrote Whitehead a letter, which we distributed all over Washington, just telling....going back in the history of COMSAT and the legislative history, including the carrier's carrier. They were [the carrier's carrier]--that's what the legislative history says. The one exception was to serve other government agencies. What they were trying to do is extend it beyond that and we weren't about to be taken over. There was a meeting in the White House, or wherever. I think Tom had his office at the White House; it could have been over in the old State Department building. But, in which the final meeting....and finally AT&T joined us on it. They'd been kind of non-committal. And Whitehead dropped it. But that was always the aim of the COMSAT officials [to serve the end-users].

NS: Well, do you think that this provided some kind of--how should I say it--tension on the Board? Did you feel as if....

TW: Oh yes, maybe a little, but not a lot, I don't think. What it did was clearly have....[it] created a conflict position, so that whenever [the Board discussed] questions which got even close to this kind of an area, we just got up and walked out of the room.

NS: Yes, that's what I understand--is essentially you absented yourself....

TW: Yes.

NS: ....from any decisions where you would be in a position of being both the competitor and the consumer and the....

TW: Oh, absolutely. And you do that on any Board.

NS: Yes.

TW: You do that on any Board. Or sometimes on some Boards, you--if it's a potential conflict--you just record yourself as not voting. On that one, we always got up and left the room.

NS: Yes.

TW: So, we didn't want to inhibit the discussion.

NS: Right. That's what I understand. I guess though, the reason I'm pursuing this a little bit more, is that I've heard a lot of stories about some of the tensions on the Board and about your, specifically, very strong feelings about a conflict

of interest that I think maybe you were--that ITT was--uncomfortable with from the very beginning. Is that a fair characterization?

TW: I was uncomfortable with having to continually--at the FCC or White House--insist that COMSAT stay within its legislative franchise, and at the same time be a Director of COMSAT. Okay. I just don't like to be....I don't like to be in disagreement with the management when I'm a member of the Board. It's just a personal feeling.

NS: So what you're saying is, is that as long as COMSAT was going to be trying to push out....

TW: Yeah.

NS: ....that it put you in an awkward position....

TW: Well, it wasn't awkward so much, because it was built in by legislation. See, the legislation build it in.

[interruption in tape]

NS: Okay. Just to....If we could just summarize here. I guess what I'm really driving at is, did ITT in a sense, view

themselves as being, shall we say, too much in a conflict of interest position than they actually desired to be? Were they uncomfortable....

TW: I don't think ITT did. I never really discussed....It was never treated as a problem. I just personally didn't like the position of being on the Board and being in constant conflict on this issue.

NS: Then how was it that you were chosen to be on the Board from ITT?

TW: Because I had handled the domestic....the only telephone companies that ITT owned was under my wing and so was international communications. Just like at ATT. They had the same thing.

NS: Right. Okay. So then....what about Eugene Black? How was it that he ended up on the Board?

TW: The Board selected him. Geneen [Chairman of ITT] felt that it would be good to have an outside member of ITT.

NS: Okay.

TW: Plus myself on the Board.

NS: I see.

TW: And I was a member of the ITT Board.

NS: Right.

TW: And the Board selected Gene Black probably at Geneen's suggestion. I don't know.

NS: I see. Okay. Because, he's really listed almost as a consultant, in a sense.

TW: Well, he was a member of the ITT Board, I guess, almost from the time he left the World Bank.

NS: Right. Okay. Because there have been some suggestions that you were very vocal on the Board in your concern about how you felt, essentially, that this conflict of interest may, in fact, end up harming ITT.

TW: Well, Johnny Johnson, for example, and you're talking about his being in South America. He made numerous tours down [in South America] promoting satellites without regard to the

interests of the established carriers, which, if he was successful--which he was in some cases--put us out of business.

NS: Okay, one of the things that I do want to bring up with you was this Latin American issue, because that's really where, I understand, that ITT and COMSAT really came into the biggest conflict.

TW: Well I don't think so. I think the biggest conflict was over their role, their desire, to go direct to end-users in the States.

NS: Okay, but I'm talking about later on--that once that had been resolved and COMSAT essentially lost that fight.

TW: Well they never gave up on it.

NS: So you see that as COMSAT continuing to find another way to, you know, hook that loop.

TW: Yeah, that was the Whitehead thing, for example, which is in the late '60s.

NS: Late '60s. Well, what about, though, this issue of Latin America? ITT had a good amount of interest down there.

TW: Well, they weren't internationally....in any one country, they weren't that big.

NS: Right, but they had, actually, interests in quite a few Latin American countries.

TW: Yes we did.

NS: Right. And John Johnson did go ahead and start to make certain agreements with Latin American countries.

TW: Well, he was actually promoting the government taking over the business from private enterprise.

NS: And that's where you feel that ITT....obviously, that COMSAT and ITT then would come into conflict?

TW: Yeah, I thought he should have consulted us and worked with us down there; we were in favor of putting in ground stations.

NS: Although, in other countries, it was frequently the country itself, who managed--operated and managed and built--their own ground station. I mean, it wouldn't have been that unusual, for example, for the Australian PTT....

TW: It would not have been that unusual for, if you want to put it in that context, for the U.S. government to take over all the communications.

NS: Okay. Touche.

TW: What they were doing was promoting government takeover in places where it wasn't already government.

NS: Okay, so you're saying that there was already a separate entity that could have handled that....

TW: ....was handling. They was handling it.

NS: ....that interest.

TW: Was handling it.

NS: Okay.

TW: In Peru, for example, which is one of them, we had the local telephone company in the Lima area; we had all of the international voice and record traffic. And without consulting us, Johnny went down to promote the government putting in a

ground station.

NS: Okay. Right. Exactly.

TW: He did the same thing in Panama and numerous other places.

NS: Sure.

TW: And they could care less whether they put private enterprise out of business or not.

NS: Okay. What about the....How was it that you would say that in the early years--essentially before 1970, where COMSAT actually did make quite a few changes and got into a variety of other kinds of businesses--that in that pre-70 era, can you characterize for me (other than what we've already discussed, in terms of the 30 circuits case or the Latin American ventures) places where you felt that COMSAT had tried to step beyond its borders, if you will?

TW: I think....Well, I think in those days, it mainly to get to the end-users.

NS: And can you think of other ways that you felt that that was happening, say, more in the '67/'68 timeframe?

TW: No.

NS: And the reason I say that is because ITT does sell out early.

TW: We sold out, very simply, because we didn't see any future in staying there. We'd gone in because we didn't know what was going to happen.

NS: Okay.

TW: We said, "Okay, we better have a stake in this," and I think we bought 21%, or something like that. As time went on and it became clear that what was going to happen sooner or later, is that....there was no particular advantage in our having an ownership position, because we had no say in the policy of the Board insofar as it related the areas we were interested in.

NS: Because you kept having to absent yourself.

TW: What was that?

NS: Because you had to absent yourself?

TW: Well because, because COMSAT was....management wanted to push into the end-user business and because they were....they were fomenting, in a sense, getting us thrown out of the Latin American countries. There was nothing....no advantage to COMSAT, as far as I could see--or to ITT, either one--of on our being on the Board.

NS: Did AT&T feel the same way--that you were aware of?

TW: I think....I think they did, but I think that as a matter of public policy, they were in a different position. They are a company with a U.S. monopoly. We never had a monopoly in the U.S.; we were competing [with] RCA, Western Union International, and so forth.

NS: Right.

TW: And I think they felt they had to--from the public posture standpoint--they felt they had to be in a position of supporting COMSAT.

NS: So they were....what you're saying is, in essence, they had a more....there was a political aspect?

TW: Public relations, political, yes.

NS: Right, that you actually, essentially, didn't have to deal with, because you were not in the same position.

TW: That's right.

NS: Although ITT made a lot of money going out. They got a good return on their investment coming out of COMSAT. I think that they sold at.....

TW: We sure did. We sold out at around \$60.00 a share.

NS: I think it was 62, uh huh. And you'd bought it at 20....

TW: And I recommended we get out. I recommended....when we sold the first half of it, I recommended that we sell it all and get off--get both of us off the Board. And Geneen didn't want to get out at that point. And a year later, the stock had gone down, went back up, and I recommended it again and that time he accepted it.

NS: Although, was it....is it not fair to say that essentially, though that ITT--if they had maintained a presence on the Board--might have been able to better serve their own interests, than essentially selling out or not?

TW: I don't think it made any difference.

NS: Why not?

TW: I think we could state our position. If I wanted to go talk to the COMSAT management, I could talk to them as easy or easier, as a non-Board member, than as a Board member.

NS: Okay, so you're saying that, in essence, your presence on the Board was a sort of a throw away?

TW: Yes, in a sense, but really what I'm saying....It's less awkward to talk to somebody--if you have a difference of opinion you're trying to iron out--it's less awkward to them if you are not on the Board. So [when] you're talking to them, you know, [you are] just representing another company, not wearing two hats.

NS: Sure. Well let's talk about some of the people, then, that you dealt with while you were at COMSAT. Let me throw some names out at you and you give me some recollections. Leo Welch. He was the first Chairman, obviously. What kind of a Chairman was he and how do you think he....where do you think he was leading that corporation?

TW: I think that Leo Welch left the operations up to Joe Charyk and his people. He concerned himself with the broad picture; with getting agreement with--primarily with ATT--on splitting the traffic, getting support, and...

NS: Right.

TW: ....with his relations with Congress--which COMSAT always did a good job with, I think--and the other government agencies. I think that Leo Welch did a good job for COMSAT.

NS: Was ITT happy with that 50-50 split on satellite/cable use?

TW: Yes, we were happy with it as a starter, as a way to get COMSAT into business. We thought it was a reasonable way to approach it.

NS: How did you see that evolving? How did....I mean, if ITT had had its way....you got COMSAT into business by guaranteeing them a certain amount of the market. Would it then have been opened up to a free market approach? Or was it felt that the FCC should continue to monitor which way it went--cable to satellite?

TW: Well, I thought that it should have been--until COMSAT was

well established and had a firm position in the market--that you needed an arbitrary split of some kind, and that at some point, each of them should stand on their own; they ought to stand on their own two feet. But not necessarily....let me say, I always felt that diversity of communications facilities was important, so that I would never have supported a policy that said, "there'll be no more satellites or no more cables."

NS: Right. Okay.

TW: But, I would have wanted to see, at some point, the economy....what I really advocated, was a looser 50/50--kind of worldwide 50/50--so that the economics could play inbetween. Maybe where, in the longer hauls, maybe it was higher than 50-50; in the shorter hauls, it was less than 50/50 for satellites.

NS: Did ITT care really whether this satellite--whether the first satellite, Early Bird--was a low or medium range altitude satellite or a geosynchronous satellite?

TW: When I said I had nothing to do with the legislation, I didn't. I was originally VP for Latin America and I got involved with the U.S. end of it only around '64. Henry Buscignis, who was the head of our R&D and who had a very

strong scientific record in communications, testified. ATT was....you know they had that....what did they call that one? That first satellite they had that went over and.....

NS: Oh right. I want to say Relay, but it's not. Their thing was called TELSTAR.

TW: What?

NS: TELSTAR.

TW: Yes, TELSTAR. They were advocating that kind of an orbit on the basis of the delay, on a synchronous, and Buscignis testified very strongly in favor of a synchronous. So our position--and that was a technical man speaking--our position was always that synchronous was the way to go.

NS: And that something could be done essentially about the delay?

TW: Yes.

NS: And that it could be made acceptable.

TW: It could be made acceptable.

NS: Although really for record carrying it's not nearly as important as it is for voice.

TW: Yes, but he was really....Henri was a true scientist. He wasn't worrying about the business side of it. He was worrying about....

NS: I see.

TW: ....and he was saying that this is the only way to go for voice and record.

NS: So, when the decision was made by COMSAT really to engage in what had been a NASA project--which was the geosynchronous satellite--that was acceptable to ITT?

TW: Oh yes, we thought it was the only way to go. We never thought the other one....we didn't like the other....we didn't that was economically feasible.

NS: Okay.

TW: It would run up the cost and, you know, it just wasn't a good....

NS: Well it....obviously....they capitalized based on a medium or a random--medium or low orbit system--which was 200 million dollars.

TW: Yes, that's right. They had excess cash for a hell of a long time.

NS: They just put it in the bank....

TW: Yes.

NS: ....and let it, you know, draw interest.

TW: Yes.

NS: Whereas, I think Early Bird was about 20 million--as opposed to 200 million--which is a big savings.

TW: Yes.

NS: Joe Charyk. What did you think of him as a President?

TW: I think Joe--and I can't really separate Joe from his staff. I think that on the technical side of it, that they did

a very good job. I think that I would not, in any way, fault them. I think they started from scratch, build an organization that could do what they set out to do, and they did it. I give them full marks for that. Whether without a monopoly he could have operated it, is a totally different question.

NS: Well, when you said that the COMSAT officials weren't businessmen, what are you talking about?

TW: Well, I meant they didn't think like businessmen. For example, Johnny Johnson, who had been I guess, General Counsel at NASA--it didn't bother him any that he was throwing private business out of Latin American and [was] promoting government.

NS: Do you think...

TW: I think in the years I was there, I was the only Director who ever cast a dissenting vote. It had to do with....I thought they were spending too much money on a project. I don't think they watched their costs. After I got off the Board, I had challenged....George Sampson was then Chief Operating Officer....

NS: Right.

TW: ....and a good friend of mine. I had challenged him on staffing on the ground stations. I thought they were too highly staffed. I remember, he and I made a visit that....it was still Winter, I guess. I had been to Greenbriar and I met him out at the Etam ground station, [which was] the first I had been to a ground station. And he showed me the ground station, the building, you know, they had all of these big classrooms, and so forth. He was showing me the antenna and the de-icer. And then we went down to Puerto Rico, where we had a bigger stake in the ground station, and I remember walking in and the building was the same, and here's some lonesome guy sitting up in a sply--you know, they only had a few channels down there.

NS: Sure

TW: Guy's sitting in the sply and I said, "What do you need this for?" And he said, "Well, you know we've got to keep count." I said, "I'll bet you any amount of money that the guys who're doing the repair work have got their own sply down below," and we went down and sure enough they did. Then he took me outside and I looked up and I saw these de-icers, and it's never been below 60 [degrees] in Puerto Rico.

NS: I was going to say, it's hardly a place where you have worry about....

TW: And I said, "George," I said, "I see you're well prepared down here." And George, poor George, started swearing about those engineers: "They just specified a ground station with a de-icer." It probably cost them a quarter-of-a-million dollars. It's sitting up there for nothing. And we did--we cut the manning at the ground stations. We had far too many people. So, cost was not an object.

NS: Do you think that's because a lot of these people came from the government?

TW: I think there were two reasons. That was one of them. The other reason is they had a monopoly and we had to support them.

NS: And they had a lot of money.

TW: And they had a lot of money.

NS: They had a lot of money.

TW: They didn't have cash worries and they didn't have to worry about getting paid--earning a return--because they were going to get that regardless. There was no incentive for them

to run a tight operation.

NS: Do you think that Joe Charyk and Leo Welch were at odds with each other or did they basically work in tandem with each other, from your perspective?

TW: I don't think that they were really at odds. I don't think either really....I think....

NS: Because they really had different strong points.

TW: Yes, I think that Joe had pretty much a free hand on the technical side and Welch handled the financial side. And a lot of the relationship....Joe had his own relationships, of course.

NS: Obviously a lot of government relationships.

TW: Yes.

NS: Yes. What about John Johnson? Now you've had some things to say about him in the Latin America operations. But what....he's a very aggressive....at the time he was a very aggressive young man.

TW: Yes.

NS: And [he] really took the international side of COMSAT on very forcefully. Do you feel that COMSAT, through Johnson, made an effective showing abroad? Do you think they could have done better? How do you think they were viewed?

TW: I think they did about as well as they could do.

NS: What does that mean?

TW: Well, I think their main job was to get a satellite system up and working and to do that you had to have people on the other end. But, I think they did it primarily by having ATT do it for him. I don't think it was primarily Johnny Johnson or anybody else, it was AT&T.

NS: So you think that AT&T greased the skids, then, abroad?

TW: I think all the arrangements were made by AT&T.

NS: What do you think that the State Department did for us in that whole, in that whole operation?

TW: Well, they supported COMSAT. They'd take them and introduce them and gave them full support. But, you know, State Department support will get you that and 10¢ will get you a phone call in south Louisiana.

[Laughter]

NS: So, what you're saying is really the success that COMSAT had abroad was really due primarily to AT&T.

TW: Oh, absolutely.

NS: Interesting.

TW: The big thing that Leo Welch did was to get AT&T to go along with the 50/50.

NS: Was that a struggle?

TW: It wasn't automatic. I don't know how....you know, I wasn't sitting in the counsel room at AT&T, but I think it took some arm-twisting. And I think that was the most critical thing that happened to COMSAT in that period.

NS: You mean that kind of a guarantee?

TW: Absolutely.

NS: This guaranteed their future, essentially.

TW: That's business. You know, that's business. Without it they had no business.

NS: But don't you think that also encourages them to want to develop their own end-user business?

TW: Oh sure.

NS: So in essence, it worked to their benefit, but also provided an incentive that brought them into conflict, essentially, with people like you and some of the other carrier Board members.

TW: Well, wait a minute. The FCC was always going to regulate what happened. What Welch did was to avoid a fight at the FCC, over how they get their business. And he got AT&T lined up to support him--and I remember when I first read the letter that Jim Dingman signed (and this was before he was on the Board of course)--and by getting that agreement without having a fight, he got AT&T's help abroad. AT&T could have....they could have won the fight at the FCC. And AT&T could have put the kibosh on them [COMSAT] in France and England, and so forth.

NS: Sure. Oh, absolutely.

TW: So that was the critical--nothing else that COMSAT did in that period was remotely as important as that.

NS: Why did AT&T do that?

TW: Because I thought they....I think that they thought it helped their image. I don't think that they wanted to be in a posture of fighting the satellite. After all, they had a monopoly to defend. They had a monopoly to defend and you know, nobody worked harder on their public posture than AT&T in this country.

NS: So they really feared recrimination essentially.

TW: Sure.

NS: I see, okay. So, is what you're saying though, essentially, that maybe....that AT&T really, because of their monopoly position, had a different feeling about COMSAT than say, ITT, who were really in more competition.

TW: They had to have a different public posture.

NS: How do you think that Dingman and Moulton and Harold

Botkin felt personally about it? I mean, you had your personal feelings.

TW: I think they felt that COMSAT was a necessary evil and that things were going, under those circumstances, going along about as well as they could expect.

NS: So do you think there could have been a way that COMSAT would have been better established--that it would have maybe worked more to the liking of, say, AT&T and ITT. I mean, is there something else that the government....

TW: I don't think....you know, when you take....when you carve out a portion of somebody's business, and give it to a monopoly, I don't think anybody's ever really happy about it.

NS: So, really the compromise that was worked out with you all being on the Board was not sufficient, is what you are saying?

TW: Well, what do you mean, not sufficient?

NS: It wasn't....it was only a pat on the head, if you will....

TW: Yes.

NS: ....for what had already been taken away.

TW: Yeah, that's really right. And I think that's the reason that we were--that the carriers were put in that position. They were allowed to buy half of the company and put six members out of the 15 on the Board. I think obviously, that was in return for taking away part of their business.

NS: I see, okay.

TW: I think that the whole....that was part of the original compromise on the legislation.

NS: What about the management of COMSAT internally? I mean, obviously, sitting on the Board you dealt not with just with business decisions that were external to the company, but also, in the nascent form, you would have been involved in the development of COMSAT as a business in itself. Do you think it was a well-managed company?

TW: I think in the technical area it was very well managed.

NS: And in the....

TW: There wasn't any other area.

NS: So you're saying that there really was no....

TW: Yes, the operations of the ground stations, they weren't efficient, but they ran them well.

NS: Although, now that was really up to the ESOC [Earth Station Operating Committee] now that wasn't, that wasn't all COMSAT.

TW: No, COMSAT was the manager. They ran them. They did. That's the basis on which I forced the issue on the costs, was I refused to approve their budget. I never bothered with it when I was on the Board, because I was in a conflict position. But, in the Spring after I got off the Board, when they presented--COMSAT presented its budget--I took the position that the operating budget was too high. And so George volunteered to go around with me to the stations to review it--and that's based on which I did--and we cut the budget.

NS: I see. So in essence what you're saying is, a lot of that stuff was outside of your control as a member of the Board.

TW: Oh sure. It always is. Board members can only really deal in policy areas--and some surveillance.

NS: Okay. Let's talk about some of your fellow Board members now a little bit. What about the Presidential Board members? Now here again, we had half the Board--essentially six Board members--who were there because they were carrier Board members and that was a bow to the industry. And then, you have 3 Board members who were these public Board members, which was essentially a bow to public interest, if you will. How do you feel that that worked out?

TW: Well, I frequently said that that Board was about as useful as tits on a boar hog.

[Laughter]

NS: You want to translate that for me?

TW: Well, you know, they just sit there and approved whatever the management wanted.

NS: So it was a rubber stamp Board.

TW: Yes.

NS: Interesting.

TW: Fred Donner worried about the wording in the quarterly reports and he did probably some good work on the pension plan, that sort of major stuff. I don't remember ever hearing George Meany make a comment in a Board meeting; he sat at one end of the table and I sat at the other. Any good that the Board did them was done outside with people like Dingman, you know, helping them overseas.

NS: So you're saying that....

TW: I'm talking about after they went public. I don't know what happened when they were, you know, when there was a Board of Incorporators.

NS: Right, but the point being is, is that really most of the decisions that were made about expenditures and direction of the Board was really made by the Board of Directors itself, and not the Board of Incorporators. The Board of Incorporators really just got the initial....

TW: Yes, but they'd come in and they'd have these charts and show all their expenditures and unless I picked up something and questioned it, nobody ever questioned it.

NS: Is that right? So it was really fairly passive then?

TW: Absolutely passive.

NS: Which is interesting, because you would think....there were a lot of strong personalities on that Board, I mean, certainly Fred Donner was no shrinking violet. George Meany was not a person who was, you know, your quite type. And I wouldn't necessarily have assumed that they would have rolled over and played dead for Joe Charyk, which is essentially what you're saying, no?

TW: Yeah, that's what I'm saying.

NS: Okay. I just want to make sure that we understand each other. So do you think that the Presidentially-elected Board members did their job, or do you think that it was just a showcase?

TW: Oh, I think that they did their job as they saw it. They didn't have any reason....they weren't expert in communications. What were they going to question the management on?

NS: Do you think that the COMSAT Board was maybe filled with

too many stars and not enough players? Do you know what I mean?

TW: Well, I think....

NS: They took the best and brightest, in sense.

TW: I think that it was almost mandatory, this being a government sponsored--almost unique, or is unique--government sponsored corporation, that they had to get to the matter of the politics of supporting an outfit like that. I think that they had to have names on them. Just like when they set up a Board of Inquiry or something, they look for names.

NS: Sure, blue-ribbon types.

TW: Blue-ribbon people and I think this is what....they served their purpose.

NS: But that's more of a public stance than a business stance, in essence.

TW: Sure, sure.

NS: So you're saying that the business aspect of the company was overlooked in this desire to create a future-looking, you

know, satellite global system company?

TW: Yes, however, when you say it's overlooked....I suppose that anybody [who] appoints a group that includes Fred Donner and Dave Kennedy and so forth, assumes that he's getting a blue-ribbon business group.

NS: So, would you say that COMSAT is a success or not?

TW: I'd say that COMSAT, in its original mission, was a complete success. It was given a mission to establish an international satellite system that was viable from a technical and business standpoint, and they did it. Their venture into SBS was, you know, really pretty naive. Anybody that thought there was that kind of business in data transmission couldn't know very much about it.

NS: Was that decision being made while you were still on the Board?

TW: Nope. No, that was later.

NS: Because that was really a '70s decision.

TW: Yes, it was.

NS: Did you express any opinion at the time that they were making that decision or [did you] know anything about it?

TW: Nobody asked me. The only person that I heard from--that was around '74, I think.

NS: Right, '73/'74.

TW: And I got a call from a head hunter who was looking for somebody to represent Aetna....

NS: Right.

TW: ....on the Board, and wanted me to recommend somebody. I asked him--I've forgotten what it was now--but I asked him how much they were going to pay. And I said, "Man if that's Aetna's idea of the way that they were going to protect their interest, they'd better give their money....sell their position back....and get the hell out, because ain't nobody's going to be able to protect them on this." But nobody....no, no one asked my opinion on it.

NS: So are you saying that, if you talk about Early Bird, the global system, setting up the structure of what became

INTELSAT, that COMSAT was a success?

TW: Yes.

NS: And what about subsequent to that?

TW: No, I think....I don't think their ventures since then have been very successful.

NS: Why do you think that's happened?

TW: Well, I think that they had a lot of money and they had to find something to do with it. One of the things--one of the proposals that caused a conflict is--I recommended they give half their capital back to stockholders, so they wouldn't be tempted to go into ventures that they weren't qualified for. And that didn't draw any support from the rest of the Board.

NS: [Laughter] Somehow, that doesn't surprise me.

TW: That's one of the things that made me popular.

NS: I'm certain of that. [Laughter]. Were you critical of the over-capitalization of the company, actually?

TW: Yes. Yup--from the beginning.

NS: How do you think the company should have been capitalized, then?

TW: About half of what they got.

NS: Although if--and this is obviously, you know, the big "if," when you're in any new technology--if Early Bird hadn't worked as a geosynchronous satellite, and....

TW: Well, it was bound to work. The question is whether you could use it or not.

NS: Okay.

TW: If you can put any satellite up, you can put a synchronous one up.

NS: Right, okay. But say whether or not you are able to get....

TW: It's a lot easier, I think to do that than....

NS: But what would have happened in the capitalization of COMSAT, if they had not have prepared for the other

contingency, which was to go random or low orbit....medium or low orbit?

TW: Well, they had a lot of room in a hundred million dollars to have a few failures. They had 'em.

NS: Did you voice this objection at any time before....

TW: Yes.

NS: ....the capitalization?

TW: Yes.

NS: And that met with what kind of response?

TW: The response [was] that they had made their decision and that's what they were going to do.

NS: And who made that decision?

TW: The original Board.

NS: The Board of Incorporators.

TW: Yes, the Board of Incorporators.

NS: I see.

TW: It [was] basically Leo Welch.

NS: Did you work on the Board at all? I mean, were you working on the Board at all when Phil Graham was there?

TW: No.

NS: No. Okay, so you're....

TW: He was dead before....

NS: Right. Okay. I just wanted to check to see if you'd gone that far back.

TW: No, I've never met him.

NS: Okay. Who would you say were the most important people to COMSAT? Give me 3 names, and try not to use Joe Charyk.

TW: Okay.

NS: Or Leo Welch or John Johnson.

TW: Outside of those 3?

NS: Yes.

TW: Well, it sure as hell wasn't the lawyer and it wasn't the financial people.

NS: So you're saying it wasn't Lou Meyer and it wasn't....

TW: Meyer, yes.

NS: or Throop?

TW: There, there was some....I think that's one case I remember, where the Board maybe spoke up, when Joe wanted to promote Lou Meyer and they wouldn't let him. I think that's about the only case that I can remember. I hadn't thought of that name in years until you mentioned it. I'd say the people in the Technical Department.

NS: Okay, so the people who were working....Marty Votaw....

TW: Yeah, all those people in technical....

NS: You know, people like him. I see....

TW: And I wasn't close enough to it to know where the credit is deserved, but I would put it all in that shop.

NS: Sig Reiger.

TW: Yes.

NS: [Do] you remember him?

TW: Yes, and he probably is the....he is the only one, probably, I would remember. There are other names, I'm sure I knew at the time, but I would not now remember.

NS: Sure, okay. What about people like Acheson, now, who came on after Throop left? You were still there. I think Acheson came on in....I think he came on in '67....

TW: Yes.

NS: ....actually, yes.

TW: He was, I'd say, an adequate General Counsel. And certainly had....

NS: Are you saying adequate or inadequate?

TW: Adequate

NS: Adequate, okay.

TW: Throop, I didn't think....really made a....

NS: Although Throop was a securities guy.

TW: That's right.

NS: I mean that's what his specialty [was. It] was really the capitalization....

TW: His specialty was securities and it showed when he got into other areas.

NS: And so, what you're saying is, is that, in that sense, Acheson was no more....

TW: Well, he wasn't that widely experienced. So he, you know, he was alright. There was nothing....but I don't know anything very tough or important he had to handle, so you know, you

can't really judge a guy until you've seen him in a tough situation.

NS: Do you think that this lack of leadership in the General Counsel's office ended up working to COMSAT's detriment, essentially, in front of the FCC?

TW: No, I think Joe Charyk was the best asset I had when I was fighting COMSAT.

NS: What do you mean by that?

TW: Well, I just mean that.

NS: When you were fighting COMSAT, Joe Charyk was your best asset?

TW: Yeah.

NS: What does that mean?

TW: Because he took extreme positions--which--rather than sensible positions. He never tried to understand the other guy's point of view and things that could have, maybe could have been worked out a little bit better to COMSAT's benefit. He tried to bludgeon through and, in some cases, lost.

NS: So you're saying that he was intransigent?

TW: Yes .

NS: And that essentially worked against COMSAT?

TW: Yes

NS: On the things that he won on, do you think that they were good moves for COMSAT?

TW: I think that some of them backfired.

NS: Such as?

TW: Well, I can't remember the details now, but when Dean Birch was Chairman of the FCC, COMSAT put [the] FCC in a position where they had to prove something that was really illegal. And I went in to see Birch and I've forgot now what it was.....

NS: Yes.

TW: ....and went over it with them and told them that we

weren't going to carry it any further, although we [ITT] maybe could have done something else about it. But, I wanted him to understand that this was the last time that we were going to sit still for this. I remember he was so mad, he got up out of his chair and he says, "COMSAT will never do this to me again." It's one of those where they were cute and forced him in a position where they had to prove something. I've forgotten what it was now.

NS: Well, that's a pretty strong statement, no matter what.

TW: And that's the reason I say that Charyk was my greatest asset, because he had little enough sense to do that. You don't do that. That's one way to get your way, you know, if you only have to go to the well once.

NS: Right. The short term. Right.

TW: But if you got a deal with an agency....and I was no, you know, I wasn't the most agreeable guy at the FCC, when I disagreed with them, they knew about it. But I did try to understand the other guy's point of view. And, I remember once, that we were in a bitter dispute with the FCC and they were trying to settle something and who was the general--the head of the Common Carrier Bureau then--Strassburg.

NS: Strassburg, Bernie Strassburg.

TW: Yeah, Bernie, and Rosell Hyde was the only Commissioner sitting hearing it, and we were....I've forgotten what it was now, but it was one of those....I got up and got Bernie and took him out in the hall and I said, "Bernie," I said, "You've got an insoluble problem." I said, "Here's so I want you to understand my position," and I said, "I'll give you my proxy and you go work out the fairest thing you can." I left, and he did.

NS: Well do you think that....

TW: And Joe was being intransigent you know, and so....you try to take your company's best position, but you also try to understand the other guy's position and you try to understand the position the FCC is in. When you get through, you try to figure out, "Now, what's the best for everybody that can be done here," and you go at that. I don't really think that that approach was ever a part of Joe's arsenal.

NS: He was in for what he wanted for COMSAT?

TW: Yes, and I don't think he really tried to understand the other point of view. For example, I don't think he and Johnny

Johnson ever really cared to understand our position in Latin American.

NS: I see.

TW: I just think they considered it no consequence. They could go to Lima and get to the embassy there to go back them up with the government and they were happy. You know, what difference does it make what ITT....what their position is?

NS: I see. There wasn't a CEO at COMSAT for a long time. Joe Charyk was not given that title and they always had visiting Board chairman: Leo Welch, Joe McConnell, they were....

TW: Well, Leo Welch is a little bit more than a visiting Board Chairman....

NS: Right

TW: I wouldn't agree to that characterization.

NS: Okay, but although by the time....but, he essentially acted as CEO in a sense, though.

TW: What's that?

NS: Welch essentially acted as a CEO, in a sense.

TW: Well, he was a CEO.

NS: Yes, but when he left, McConnell didn't take that title or that function. But they also didn't give it to Joe Charyk. Why was that?

TW: No, McConnell had the title.

NS: But not....I don't know if he actually had the title or not. I'll have to check that out.

TW: I'm sure you'll find he did. I could be wrong, but I'm sure you'll find that he did.

NS: No, as a matter of....well, I can check on it, but I have the feeling....it's my recollection....

TW: I'll bet you a quarter, you go back and check it.

NS: Okay, you're on.

[Laughter].

TW: I'll send it to you.

NS: Okay. But Joe Charyk was not given that title.

TW: No.

NS: Do you think that it's this trait that we are talking about now, that kept that from happening? Or....

TW: I don't, I didn't know....let me say this. I didn't speak with every member of--each and every member of the Board--about Joe Charyk, but when I was on the Board, I don't know a single member of the Board who thought Joe had the capacity to be CEO.

NS: Yet, he was retained as president until he became Chairman of the Board.

TW: That's right.

NS: And was finally given the title of CEO. How did that happen?

TW: He outlived everybody else.

NS: I guess survivability is the name of the game.

TW: It's important, yeah.

NS: Alright, fair enough. That really leads me to the end of my questioning. I was wondering if there was anything that you feel that we haven't covered in the interview that you might--that you feel that I've overlooked--that comes to your mind. You were really on the Board for a fairly short period of time. I mean, short being....

TW: Five years

NS: ....a five year period; although a formative one in COMSAT's history. Are there things there that I may have missed that you feel important?

TW: No, I think you've covered the areas of my particular involvement very well. I guess what I would emphasize, I think, that the key is....I think that COMSAT was successful in their original mission and very successful in their original mission and they [are] entitled to full marks for that--and management is entitled to full marks for that. I think Leo Welch was critical in getting the basic agreement, which was the most critical thing that happened to COMSAT in it's early days. And that got them, not only AT&T's agreement, but it got

them to go overseas and get the business from the other side, which they did. I don't think AT&T's ever been given, even remotely, the credit for what they did--and Jim Dingman in particular.

NS: I think that you'll find in this history that they do.

TW: Okay. I haven't seen it, okay?

NS: A lot of people have said what you've just said.

TW: A lot people credited Johnny Johnson, and Johnny Johnson was a very aggressive, hard-working guy, but he....[there] wasn't anything that Johnny could do on his own. I think that they....the one mistake they made, which has hurt them in later years, is that they got too much money and then, after they got it, wouldn't give it back to the stockholders; which we very vigorously argued that case, before and after. As a matter of fact--[it's] probably in the minutes somewhere--I made a specific proposal, at one Board meeting.

NS: I have a recollection of you making that proposal.

TW: Yes, and I think that led them into some ventures which have not been good for the stockholders. So that's about the

way I'd summarize my views.

NS: But most of those decisions really came after '70.

TW: I understand.

NS: Which was when, you know, essentially, you were....

TW: I understand, but they were made, I think in part, because they had all that money.

NS: It's like a kid in a candy store.

TW: Yes.

NS: Yes.

TW: What are you going to do with it [all that money]?

NS: Okay.

TW: Okay.

NS: Thank you.