

COMSAT HISTORY PROJECT

Interview with William Berman

Interview conducted by Thomas Maxwell Safely

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December 10, 1984
2:30 p.m.

TMS: Why don't we begin with the first question then; when and under what circumstances were you actively concerned with or did you join COMSAT?

WB: I believe it was late in 1983 [sic-'63], I was Deputy General Counsel of the U.S. Arms Control and Disarmament Agency, and had decided to

TMS: In 1983?

WB: I'm sorry, in 1963.

TMS: Okay.

WB: I had decided to leave there. I was not very happy with that agency. The work was interesting but I sort of thought it was going no place, and I was frustrated, and was looking for a job. I knew absolutely nothing about COMSAT at the time. I suppose I'd heard of it remotely because of the Senate debate over starting it, but I didn't really know anything about it. I had lunch with a friend of mine who was with a law firm here

in town, mostly to talk about joining his law firm.^{1/} He asked me if I knew anything about this new organization, COMSAT, and I said, "No." He said, "Well we don't have anything for you here at the moment, but why don't you go and talk to somebody there. I think there is man by the name of Allen Throop who has just joined as the first General Counsel and Vice President. I'd be happy to make a phone call and see if he would be willing to talk to you." So, I did that and I believe it was probably over the Christmas holidays or early in '84 [sic-'64] when I went and talked to Allen. I liked him a great deal and he apparently liked me. He had some reservations because I had changed jobs a number of times in years prior to that. I think he wondered how stable I was.^{2/} I gave him some names of people I thought could reassure him on that, mostly people at Harvard Law School that he had known, who were classmates of his and professors of mine. One thing led to another and I joined COMSAT, I believe it was in April of 1964. At the time, Allen was Vice President and General Counsel and there was one other lawyer there then, a man by the

1/ change to: I had lunch with a friend who was with a law firm here.

2/ delete: I think he wondered how stable I was.

name of David Leive, who is now the Senior Legal Advisor for INTELSAT. As I say, I didn't know anything about the technology; I didn't know anything about communications. My background had been in atomic energy and disarmament and some teaching and a small amount of law practice for a couple of years.

TMS: Well then what was your position within the company, your particular baliwick; did you have one when you started?

WB: Nothing when I started, they made no promises and I didn't try to extract any. As I said, I was unhappy where I was and so I just went in as one of the lawyers. I knew I was older and had been out of law school longer than David Leive. I'd had some experience with start-up organizations and those with the technological orientation. I'd gone to work for the Atomic Energy Commission in 1953 and stayed there until 1958 and I was much involved in that technology as a lawyer. I was Counsel to two divisions: one, Biology and Medicine and the other Reactor, Development. While I did not have a technical background, I learned something about that technology and I liked the idea of being involved in legal problems related to

technology--particularly the new technologies. I also think I liked the idea of a start-up organization. The Atomic Energy Commission wasn't exactly start-up in 1953, but the civilian side of it really^{3/} was. They were just getting out of the highly secretive weapons part; they weren't getting out of it but they were getting into the civilian uses both for power and medical and basic research and so that was the side of it I was involved in.^{4/}

In my two and half years with the Disarmament Agency, again, I went there almost as the Agency began--that was at the beginning of the Kennedy Administration, I can't remember which year it was. I suppose it was '62, yeah.^{5/} That similarly was highly technologically-oriented. You needed to know something about weapons systems and you needed to know about their^{6/} research and development and their^{7/} research and development contracts. It was also start-up, I believe I was

3/ delete: really

4/ change to: They were just getting into the civilian uses both for power and medical and basic research and it was that side of it I became involved in.

5/ change to: I suppose it was 1967.

6/ delete: their

7/ delete: their

the again, the second lawyer there. I think when I was hired the General Counsel was in place and I went in as his Deputy. I was^{8/} unhappy for reasons not related either to the technology or to the legal aspects of it. I just didn't like the atmosphere at the State Department and I found the agency kind of frustrating.^{9/} I think at the time I knew^{10/} it would be a thirty, forty, fifty year undertaking, if ever, and while steps would be made and there were things achieved while I was there, I found it too slow-paced in accomplishment for my taste. So I thought it was time to move on. But the background of the technological enterprise in a start-up phase had a lot of attraction for me and I think that's principally why I liked the idea of COMSAT.

TMS: Did you find things moved a lot faster at COMSAT than in the AEC or the Disarmament Agency?

WB: Well, not in the AEC but certainly the Disarmament Agency.

8/ change "was" to "became"

9/ change to: I just didn't like the atmosphere at the State Department and I found the ACDA frustrating.

10/ change "I think at the time I knew" to "I came to realize"

Now the AEC was pretty fast-paced, too.^{11/} COMSAT was [also]. The first year was a matter of getting the thing off the ground. When I first joined, I believe the first undertaking I had at COMSAT was to help negotiate or be the lawyer participating in the negotiation of the contracts with Hughes Aircraft for the Early Bird.^{12/} No, I'm wrong about that. I think what we were doing when I first went in and participated in was the first agreement with NASA providing for the launch of the communication satellites. Then I think it was for the manufacture with Hughes, with the manufacture of the Early Bird satellites, and then we went into the first financing when COMSAT had their first stock issue.^{13/} Following on that, the real organization of the Corporation as a private corporation began with the election of the Board and the development of the Articles of Incorporation and the By-laws. I think, development of those in a context of having

11/ delete: too

12/ change to: When I first joined, I believe the first undertaking I had at COMSAT was to be the lawyer participating in the negotiation of the contracts with Hughes Aircraft for the Early Bird satellite.

13/ change to: Then I think it was for the manufacture by Hughes of the Early Bird satellites, and then we went into the first financing when COMSAT had its first stock issue.

the stockholders in hand.^{14/} I think the first year there, I found [things] moved along kind of slowly and then suddenly the pace began to quicken greatly. We began hiring lawyers; we needed a number of people and I believe probably in the first two years the office grew from 3 lawyers--that were the three of us when I first went in--to it grew to maybe 18 or 20 and we were selecting both senior and junior people to staff up with a spectrum of experience. So we were hiring people in at the Assistant General Counsel level to be in charge of different areas. My role in that was, essentially, I became Allen Throop's sort of right hand man, which I guess didn't surprise me because my experience was such that, as I said, I had the background in start-up operations. He got to rely on me quite a bit in terms of staffing and supervising the new people coming in. I just sort of assume

the role of his right hand man and he sort of let me assume it. I'm not sure^{15/} when it happened, but I think he gave me the title of Assistant General Counsel probably when I had been there a year. That was the second most senior title in the

14/ delete: I think, development of those in a context of having the stockholders in hand.

15/ add: precisely

office. With that, I kind of became his Deputy.^{16/} Then, we began to bring other people in at a fairly senior level for different functions: regulatory, international, procurement and contracting, corporate work. I think those senior people began to push for titles themselves, so we then gave most of those senior people who were in charge of an area of responsibility, a functional area, the title of Assistant General Counsel and I think Allen made me his Associate General Counsel at the time. [Allen Throop] stayed about three years. We had a very close relationship. He was close to other people as well. I think one of the other people he was probably closest to was a man by the name of Larry DeVore, who you may have talked to. But I think I was probably Allen's sounding board and the one he trusted most with organizational, and structural, and management responsibilities. I loved him dearly, he was a great man. I hated to see him go. He stayed three years.

TMS: He was 66 when he left.

WB: I believe that's right. I hated to see him go and I missed him. He was a great teacher. I think he taught me a

lot about the practice of law. We worked well together, we liked each other. I'm not going to say it was always

man in some ways. He got into enormous detail and he would work a problem to death; every word had to be right. He didn't do this by an exchange of memos or brief telephone calls, you did it by sitting down and meeting endlessly over details and words and grammar and slight nuances of meaning. What you came up with was the best possible product, but you put in an inordinate amount of time. I'd hate to tell you how many nights we worked until two in the morning and how many weekends, and throw in a couple of New Year's Days. But it was fun and it was exciting and it was interesting. It was new and we had hired a lot of really brilliant people into the office and working with them was a real joy. Allen had a fantastic mind. He was probably the

best lawyer, as a technician, that I ever knew and he taught me what precision and the practice of law in the highest possible meaning was about.^{17/} I could see what New York law practice was like. He had been a very senior partner, I think the number two man, in a big New York firm called Sherman and Sterling. I learned a lot from him. The reservation I had about the best lawyer I ever knew was he wasn't always a very practical lawyer and he did not always know how to deal with management. Sometimes management thought that the lawyers engaged in overkill in the amount of detail and precision. I think the management got the feeling that the lawyers were trying to run the show. I don't think that was a correct perception but the way we practiced law then in the company and the detail with which we got into everything, made it look like we were trying to run the show. But that was Allen's way and it's a good way.^{18/} You come out, as I said before, with the best product whether it's a brief, or a filing before the [Federal Communications] Commission, or a speech, or a financing document, or something like that; you really, to

17/ add: officially change "possible meaning was about" to "possible sense was all about"

18/ change to: But total involvement and dedication was

overwork a phrase, you dot every "i" and cross every "t" very carefully.

TMS: Yes, when I talked with Mr. Throop, he gave me to understand that his particular perspective coming to COMSAT was that of a person who was very much involved in corporate reorganization and matters of finance involved with reorganization and that was really his forte. You seem to have come with a different perspective, having been very closely involved in start-up of new firms, technological and otherwise....

WB: . . . and government. Don't forget that COMSAT had a very close relationship to the government and I guess I was considered something of, not an old Washington hand at the time, but I'd been on the Hill for a brief stint with one of the committees so I knew the Hill a little bit, I certainly knew the independent agencies from the Atomic Energy Commission, I knew the State Department and the Executive Branch from the time with the Disarmament Agency. There had been a lot of contact in both the Atomic Energy Commission and Disarmament Agency with the State and Defense Departments. I

had a lot of contacts in the government, I knew the way government operated. I was by no means a senior lawyer at the time, but I think I'd got out of law school in 1950 so I had 12 or 13 years experience at the time, all of it in Washington. So I knew the Washington scene pretty well. I had written several books on the Atomic Energy field and a lot of that had to do with government and organization. So, while Allen brought all of the business, financing, and organizational background, I think probably what I brought to him was the government orientation and the Washington....by the way he was not new to Washington. In his younger days, he had spent quite a bit of time here with the SEC and with some colorful characters, like Tommy Corcoran. So he knew Washington well, but had not experienced that for probably a period of 35 years to the degree I had recently.

Then we brought in people like Larry DeVore who was professional in the best sense of the word. He really knew the communications regulatory side. He had been at the FCC and he knew that extremely well. Bill English had been at the Atomic Energy Commission the same time I was and was primarily in the international field and he knew that field very, very well. There were other lawyers there. One person I haven't mentioned

who was around not in the legal department but one of the best lawyers I ever knew, was a man by the name of John Johnson, who you've probably talked to already. John was a lawyer for years and years and years. He was General Counsel at NASA and General Counsel at the Air Force and had a wealth of background and experience. So, while he wasn't in [COMSAT'S] law office as such, he was a damn good^{19/} lawyer and was always available. So, it was a pretty sophisticated team we put together and it was fun working. You know, the late nights didn't matter and we were using an outside law firm that was unsurpassed for brilliance at the time too. Most of our work at that time, the outside legal work, was being done by Wilmer, Cutler and Pickering. Lloyd Cutler, Roger Wollenberg, and a younger lawyer, who is now a partner there and has been a partner for quite a while, by the name of Sally Katzen, were all very much involved in our work and they were all brilliant as well. So, it was very challenging atmosphere. There was a lot to do, there was a lot of excitement to it. We were making history. But that isn't what I was trying to say. The company was making history. The lawyers, they weren't making law, but they were breaking new

^{19/} Allen's way and it's a good way.change to: fine

ground in the start-up of commercialization of space and every question was kind of new and unique and had political implications and had enormous financial implications for the Corporation.^{20/} We were trying to be both flamboyant and conservative or prudent at the same time for the stockholders.^{21/} We took that seriously and it was just an exciting, very demanding, very exciting, very stimulating fun period.

TMS: What were some of the big issues that the legal staff faced in the early going? Can you recall the really critical ones? I imagine there were a wealth of issues and problems that had to be worked out with the start-up of a new firm.

WB: Yes, I'm not so sure it's easy to separate the legal issues from the more general business issues. You know, one of the major issues at the time was: what kind of satellites do you

^{20/} change to: The lawyers were breaking new legal ground in the start-up of the commercialization of space and every question was new and unique and had political implications and enormous financial implications for the Corporation.

^{21/} change to: We were trying to be both flamboyant and prudent at the same time, for the stockholders.

put up? Do you put up medium altitude with planned orbits, or low altitude with random orbits or, the high altitude ones that we ultimately ended up doing with a fixed geostationary orbit? That was a big question and the FCC, of course, got involved in that. The major issue on those was whether the quality of the service from the geostationary statellites--which were much further away than the others--whether the quality of service was adequate to provide commercial service.^{22/} Now that's a technological problem but it had many political overtones; all of the relationships with AT&T were involved. AT&T played a significant role in the Corporation which we can come back to. AT&T was very insistent on the quality of service being maintained and it was a little hard to tell at the time whether they were only interested in maintaining the quality of service or whether they were interested in frustrating the whole satellite program having not become the [principal] owner of it by the Satellite Act, as [AT&T] had originally wanted to be. I think a lot of us had serious question as [to] whether they just didn't want to slow down the whole process and keep this young competitor, which was designed to compete with their

^{22/} change "commercial service" to "commercial quality service"

cables through the new satellite medium--keep it slowed down and slow to come into business.

In any event, the kinds of satellites you put up was a major issue and it was in part a legal issue in that most of these things were being aired before the FCC. So while the lawyers were not technically arbiters, or anything like that, they were the spokesmen for the Corporation in the regulatory environment that was going to end up making the decision. Now the decision....I don't want to mislead there, the decision was ours but it required the launching of those satellites and the investment in them required FCC blessing. So while it was hypothetically our decision to make, the Commission surely had a veto power and so it was a question of the lawyers selling the position that the Corporation had decided on to the Commission and getting them to buy that; so we were involved in that.

I don't think that's what you were searching for though. I suppose one of the major legal problems during those early days was the role of AT&T, ITT, RCA and Western Union International, all of whom....they were the normal carriers. By the Act they

were permitted to own 50% of [COMSAT'S] stock. They were our competitors because they all had interests in the cables at the time--primarily AT&T--but the others had interests in the cables too and those interests subsequently increased during the period that they were owners of COMSAT. They began, at least the record carriers--AT&T always did have a ownership interest--the record carriers began to go from what having what they call an indefeasible right of use in the cables to an actual ownership interest in the first 10 or 12 years that COMSAT existed.^{23/} So they really were competitors in the most real sense and yet they were sitting on our Board of Directors knowing what was going on inside the Corporation. I mean you would normally blanch at that as a conflict of interest and we were living with it every day. They were also not just our competitors, but were also major customers because they were buying the satellite circuits. Once the decision was made to use them or not to use them....once they made a decision to use them, they became customers that you dealt with as customers very

^{23/} delete: They began, at least the record carriers--AT&T always did have a ownership interest--the record carriers began to go from what having what they call an indefeasible right of use in the cables to an actual ownership interest in the first 10 or 12 years that

frequently; and they were, as I said, sitting on the Board. It was kind of a built-in conflict of interest

some interesting legal questions as to what they should listen to in the Board meetings, whether all of the information was available to them as Directors or only stuff that was outside their area of conflict. That was almost impossible because everything at that time was potentially in conflict. We were very focused in those years on establishing what became known as the INTELSAT System--that was the global system--and all our efforts were directed at that and this was where we competitors with the carriers. There was never a court case or anything like that over this but you walked on it like a crate of eggs a lot of the time, worried that the conflict would become real in

the sense of affecting the Corporation's progress, and trying to solve it. It ended up in kind of an ad hoc treatment.^{24/}

If something seemed very much in conflict, the carriers would get up and walk out of the Boardroom while the discussion was going on. But you have to remember that the Board Members were all part of the same cultural group. I don't know whether it was smokestack America or what.^{25/} But they all knew each other, they liked each other, they played golf together, they had dinner together, and they had lunch together. You knew that even if the record carriers got up and walked out--I mean the carriers, I meant AT&T and the record carriers--got up and walked out of the room during the course of the Board Meeting when a particular subject was being discussed, all of the

were human beings and they were unquestionably talking about these same issues with the non-carrier Directors during dinners and stuff. So you lived with the conflict. There wasn't any great solution for it. It was really part of the legislative

24/ COMSAT existed.change to: It usually ended up with a kind of ad hoc treatment.

25/ delete: I don't know whether it was smokestack America

mandate and part of what Congress accepted when it created the Corporation. The lawyers worry about it was almost more academic than real, because there wasn't a whole lot you could do about it. It was very hard, for example, in my case, a senior lawyer within the Corporation, or in Allen's case, a General Counsel, to get too hard-nosed with any of the Directors because that was how you lived^{26/} and the job was too interesting to give up. I don't think there was any question that Allen Throop or me, or Larry, or Bill English, or any of the most prominent people in the General Counsel's office at the time couldn't have gotten other jobs. But this was a pretty exciting place to work and none of us wanted to give it up. So you took a rather practical view of some of these problems, at least I did.^{27/}

TMS: Did you ever find, in your experience, that the carriers behaved irresponsibly? You say that it was an ad hoc thing that would be decided on the basis of the issues at hand, that they would get up and leave when the discussion became

26/ of what.change "lived" to "earned your living"

27/ change to: So you took a rather practical view of some of these problems; at least I did, and maybe that's why I

sensitive. That strikes me as a responsible thing to do given an awareness of their dual role. Did you ever find yourself or find COMSAT in a situation that that did not happen and therefore, COMSAT was placed in an equivocal position in the marketplace or in their ability to carry out a policy?

WB: No, and that may sound sort of self-serving, but I think the answer is, no. Although there were times when you couldn't really tell. Let me give you a little about some of the people involved; three particular people come to mind: Horace Moulton was a Director of COMSAT and the General Counsel of AT&T, the Vice Chairman of AT&T was a man by the name of Jim Dingman. These were two of the classiest gents I ever knew in my life. My view of them was they were honorable, they were forthright, they obviously belonged to AT&T, but they trying to do a good and honest job for COMSAT. I never saw any instance where I thought they were fostering AT&T's interest instead of COMSAT's; or [were working] to the disadvantage of COMSAT. There was another Director, a guy by the name of Ted Westfall, who I equally liked. He was a different kind of guy, he wasn't quite as classy or smooth as those people, he was a rough,

tough streetfighter kind from IT&T.^{28/} But I thought Ted Westfall was one of the best Directors I ever encountered. He was good in this sense: he would ask the hardest God damn questions when a budget was at issue, or cost for a project, or a business plan that was vague or fuzzy; Ted Westfall would just zero in on that. He was that kind of a business man. He worked for Geneen and this had been his training. Whereas the two AT&T guys--and there was another AT&T Director, but. . . .

TMS: Hough.

WB: Well, Dick Hough came much later. These were all kind of polished gentlemen. Westfall, as I said, was kind of a streetfighter. Whereas these guys would play the game more smoothly and ask questions, Ted Westfall would really bore in and ask hard questions whenever he saw a doubt. Again, I personally never saw an instance where I thought he was doing something to the disadvantage of COMSAT to benefit ITT or the carriers.

^{28/} lasted 20 years.change to: He was a different kind of man, not so classy or smooth, but a tough, streetfighter

Now you have to set aside a whole lot of questions and I think there are other people who probably knew more, in detail, about what was going on at the time and may have had more questions than I did about it. I mean, Allen is certainly a source of that, and John Johnson. I look back at that period and think, maybe I wasn't very sophisticated because I was not as troubled by these [carrier directors] as I think some of the other people were. There were issues that came up where you had to wonder how these guys that I'm talking about, resolved their differences.^{29/} There were some things where COMSAT was doing something that was really to the detriment of the carriers and I don't know how those men dealt with that. They were obviously confronted with conflicts all the time. There were rumblings about Ted Westfall and things, but nothing that I was really acutely aware of where I thought a conflict of interest was blatant and hurting COMSAT.^{30/} I wasn't that senior at the time and I wasn't that much of an insider on all of the details, and I wasn't a confidant of Joe Charyk then. I

29/ kind from IT&T.change "differences" to "conflicts of interest"

30/ delete: There were rumblings about Ted Westfall and things, but nothing that I was really acutely aware of where I thought a conflict of interest was blatant and hurting COMSAT.

knew

Joe pretty well and I did a lot of work for him and he knew who I was and I was in a lot meetings with him, but there was a senior level of people, even after Allen left and David Acheson came in as General Counsel, and I continued as his Deputy. But I was in the next echelon down from the guys who kind of shared the secrets,^{31/} if there were secrets. So, I'm really not sure that I was privy to enough to do that.

Then you come to an issue like the earth station issue, which I'm sure people have talked about: when COMSAT wanted to own the earth stations, all of them, and AT&T and other carriers were opposing that and we filed applications to own all of the earth stations and the Commission forced a compromise. I'm not sure I can remember the timing on this, but the Commission forced a compromise: We had gained ownership of two earth stations, the major ones on the East Coast, or maybe one on the East Coast and one on the West Coast I think that was right at the time and then we had applied for others. The Commission sat on that forever because the carriers were obviously bringing lots of pressure at the Commission to participate in

^{31/} change "secrets" to "real secrets"

that ownership. The Commission withdrew the--I believe I'm right on this--withdrew the earlier grants to us of the ownership in the earlier ones, threw the whole thing open to reconsideration and it ended up that we formed a consortium where we owned again 50% of each earth station and the carriers owned the other [50%]. That was an instance where the carriers were clearly bringing out all of their weapons and all of their big guns---people and otherwise--to get something for the carriers that probably was denying COMSAT something. They were still sitting on our Board and I don't really recall very clearly how much they would withdraw from the Board meetings when these subjects were discussed. I was probably not going to Board meetings at the time, although again, I forget the timing. I started to go to Board meetings. . . . while Allen was there I never went to Board meetings. When David Acheson came in as General Counsel, I think after a couple of months, he started taking me into the Board meetings with him and I would listen. My recollection is this issue probably preceeded that, but I'm not really sure about it, I think so though.

The one that raised the most questions, I think, about conflicts was somewhere along in that time, COMSAT also applied

for what we called "storefronts" in the big cities.^{32/} We wanted an outlet in the major population centers: Washington, New York, Boston, Philadelphia, Chicago. We wanted to own the communications facilities that went from those outlets to the earth stations that were in Maine and in Washington and maybe subsequently in West Virginia and California when those were built. Again, I am not sure of the timing. We were preparing applications and making arguments for that ownership (I am pretty sure this was while Allen Throop was still General Counsel). This was a really hotly disputed issue because, by getting into the retail outlet end, COMSAT was getting away from being strictly a wholesaler. It was sort of declaring war on the carriers and in terms of very direct competition. We weren't competing cables and satellites, we were really competing with retail customers.^{33/} That, I think, scared them. Leo Welch was still Chairman of the Board at that time and my recollection is that at some point the lawyers had prepared a pleading fighting very strongly for this position at the Commission and we were getting ready to file it and there

^{32/} change to: The issue that raised the most questions about conflicts, I think, was when COMSAT also applied

^{33/} for what we called "storefronts" in the big cities.change to: We weren't just competing satellites with cables; we

was a Board meeting. I think it was when we were still down at 19th & L, or 18th, no, I guess it was 19th and L, there was a Board meeting and I remember Mr. Welch called Allen into his

don't remember the timing--and said that we had to change this pleading, that the Corporation had changed its position, and we were going to give up that effort to get or maintain what we may have already been granted by the Commission: that right to have the store-fronts and communications link between the big cities and the earth stations.^{34/} I guess a lot of us felt at that time that that was when the carrier Directors probably put all the pressure on Leo Welch that they could and maybe the other Directors. I guess if there was any instance where I saw a conflict work to the disadvantage of the Corporation, that was probably the one instance that's kind of classical in my mind. But when I said earlier that these things are never

^{34/} were really competing for retail customers.delete: that right to have the store-fronts and communications link between the big cities and the earth stations.

quite black and white, having said that, you have to ask yourself, I think, "What was really in the best interest of COMSAT and its shareholders?" Following that, there was an era of ten years maybe of relative peace between COMSAT and the carriers [based] on those ownership issues.^{35/} They were not fighting against us anymore,^{36/} they were using satellite circuits, the ESOC--which was the earth station ownership group--was working pretty well, they were activating satellite circuits like crazy, we began to carry much more traffic on satellites than cables, and COMSAT as a Corporation was thriving. Had that compromise not taken place and we'd still been at war with the carriers, you have to ask yourself whether there wouldn't have been legislation to circumscribe COMSAT--no doubt fostered by the carriers--that there would have been continuous battling in the Commission and before the courts. I'm not sure COMSAT was big enough to fight ITT, and RCA and AT&T on those kinds of battlegrounds. The truth is that the Corporation may have ended [up] a lot worse off for having stood its ground at the time, if Leo Welch had been able to stand his ground. Poor guy, he's dead now so

35/ change "issues" to "arrangements"

36/ add: with the same intensity

he can't defend himself on these things. But if he had and we had won in that case, it might have been worse for COMSAT in the long run. As it was . . .

TMS: A real pyrrhic victory.

WB: Yea, a pyrrhic victory.^{37/} As it was, it turned out that the Corporation made its shareholders lots of money in that time, it grew, it thrived, it expanded, it diversified into other fields and its horizons were fairly unlimited. It was a ten year peace that was very good for the company. Which was in the best interest of COMSAT? I don't really know the answer to that. Did the conflict, did it really was it a case of I kept trying to think of Neville Chamberlain getting off the plane. What's the word?

TMS: "Peace in our time."

WB: What was the conference he was at, at the time?

^{37/} change to: Well, not really pyrrhic.

TMS: The Munich Conference

WB: Yea, was it another Munich and a 38/kind of a sell out or did we buy a very meaningful peace for the Corporation for 10 or 12 years during which it thrived and grew and got to a point where in many ways it was strong enough to really fight with the carriers more effectively than it would have been now? I don't know the answer to that; I suspect nobody knows the answer.

TMS: The kind of hopeless speculation you run into occasionally is that people say, "Had the carriers not been directing COMSAT in the early years it might have grown further and faster." It's kind of a toss-up.

WB: It may have, but if it hadn't been directing it in those early days, we probably wouldn't have gotten the kind of business from the carriers that we did. We did get a lot of business, they were activating satellite circuits, they weren't pushing cables as much as they might have had they not had an interest in COMSAT and the feeling that they had some control

over COMSAT. So that's the unknown. As far as the individuals were concerned, like Moulton, who was a great favorite of mine and Ted Westfall and Jim Dingman, and there was a guy from HawaiianTell which was largely influenced who was a nice guy.^{39/} They were good gents and they were very bright, and they were good Directors and I think 99%^{40/} they were motivated to do a good job for COMSAT. You have to recognize they had other ties too, but I didn't see much, if anything, that I thought was really any kind of a blatant abuse of their positions.

TMS: Very interesting. I'd like to focus on you for just a little while now if I could. We've been talking about issues that COMSAT faced in general, I'm wondering in the time that you were associated with COMSAT, what do you feel was the most important negotiation or issue that you had to deal with, the thing that might become your mostly fondly remembered contribution to COMSAT? Is there one thing that stands out?

39/ add: disastrousdelete: and there was a guy from HawaiianTell which was largely influenced who was a nice guy.

40/ change "99%" to "predominantly"

WB: No, not really. I spent really, 20 years there [at COMSAT] as either the General Counsel or the Deputy. David Acheson was not much of a manager--he was a brilliant lawyer some of the time, not consistently brilliant, but he had moments of great brilliance--but he really didn't care all that much about management and staffing and salaries and stuff. I think it's fair to say that most of that devolved on me and the day-to-day running of the office devolved on me; and Allen was otherwise preoccupied, too.^{41/} So really, without exaggerating, for the greatest part of that 20 year period, I essentially ran the office on a day-to-day basis and did almost most of the management work of budgeting, staffing, all of those kinds of problems. Now, in both David's and Allen's case, you know, obviously I checked with them. I didn't make decisions that were significant without talking to them. They were my boss and I played the game in the way it was supposed to be played. But I liked running the office and I liked doing that kind of thing and you must know that the office grew to be, at its peak, I think probably 38 lawyers and we used 7

^{41/} change "otherwise preoccupied, too" to "similarly preoccupied with substantive matters"

outside^{42/} law firms. There was an enormous amount of work because the Corporation was so regulated. So it was a large management job. I guess I think my major contribution rather than any single thing, there were lots of things I participated in, but I was really running the office. I really think it's the fact that what I developed was a strong legal office with high quality people that played a major role in all the Corporation's activities, and if you ask management people, they would probably say it was a God damned intrusive legal department. But that's a kind of a combat that always goes on between lawyers and non-lawyers. But I think it was a good strong office that controlled all of the legal problems of the Corporation, had a substantial input to management problems, and was at the core of all of the problems of the Corporation's^{43/} decisions and its representation with the outside world--both at the Commission and everyplace else in town. So I think the [General Counsel's] office was a very integral part of the growth and the operation and the management of the Corporation and I felt that what I brought to that was getting good people,

42/ add: Washington, D.C.

43/ add: major

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42/ add: Washington, D.C.

43/ add: major

running a good office, a measure of legal independence so that the lawyers felt that they had enough backing from me that they could call them as they saw them. They all reported to me and I insisted on that. They weren't overridden by their managers--part of that also has to be qualified--I always insisted that they managed to get along with their managers to the greatest possible degree, but I didn't want them to be "yes men" to their managers. I think they all felt comfortable [with saying] to the managers that they worked with, "You can't do that as a legal matter." What I encouraged them to do was to find another way to help the guys get the job done, the best way to get it done.^{44/} But I don't think they ever felt that if they said to a manager, "That's legally not permissible or not the way to go on it," that I would pull the rug out from under them, and I was careful not to do it. So I think what the Corporation was getting under my supervision as General Counsel and even before then, under Allen and under David, was an independent legal service from bright and strong-minded people who were telling it like they saw it; that, I view, as

^{44/} change to: What I encouraged them to do was to find another way to help those managers get the job done--to help them find the best way to get it done.

the major function of lawyers in the Corporation.^{45/} I don't really think their function is just to try cases or prepare pleadings. I think, it's as the word "General Counsel" connotes, I think they're supposed to give advice to management on a broad range of problems, particularly focusing on legal problems, but not confining themselves to those and they are supposed to bring a devotion and a dedication and a high input of work and intelligence to it and I think my office did. I^{46/} never felt intimidated at COMSAT by saying what I thought. Joe Charyk was very good about that. I haven't said much about him, but he was . . . well let me broaden that a little. I think Leo Welch, who was the first Chairman, and Jim McCormick, who was the second Chairman, and Joe Charyk, were all pretty^{47/} open-minded people in that regard and I never felt uncomfortable with any of the three of them saying, "I think you're wrong, I disagree with you, hear me out, listen to me, and then make up your mind but at least give me my day in court." I think they were quite good about that and way above

45/ change "the Corporation" to "a corporation"

46/ add: With one notable exception,

47/ delete: pretty

average as far as managers are concerned. I particularly respect Joe Charyk for it because I think he was maybe the most open-minded of all. Here was "Mr. COMSAT," he'd started it, he led it all the way, and he would basically take time to listen to you even if he didn't follow^{48/} you, he listened and most of all he never beat on you for telling him what you thought. A lot of managers do that, and one guy that did it a lot was Joe McConnell who was the third Chairman. We didn't get along very well for a long time. He tried to fire me once without success. I was just lucky, I think--the timing was lucky--and it was funny because he was an ex-General Counsel. But he was not always^{49/} prepared to listen and he didn't like to be disagreed with. Yet, I think the period after he was Chairman, when he became Chairman Emeritus--I think he's probably still on the Board--there was a five year period there when John Harper became Chairman and Joe McConnell was around, we became pretty good friends; I mean he was easier going and stuff. I think he respected people that stood up to him. I always had a certain amount of difficulty,

48/ change "follow" to "agree with"

49/ change "always" to "usually"

that's an understatement of the week.^{50/} I simply could not stand up to that man very effectively^{51/}or tell him off. So he was an intimidating presence and he was one person around there who it was very hard to say to, "Joe you're wrong or I disagree with you." He would come down on you with both fists, no question about it. He was tough in that sense. But Charyk, never, Charyk was always a gentleman, Charyk was always willing to listen, Charyk always....you got the feeling he wanted you to speak your mind. I have enormous respect for him for that. I think he was a great boss in that sense. That was what I tried to bring to my administration of the legal affairs of COMSAT, was that kind of freedom and open-mindedness for the lawyers. I tried to generate that. One of the ways I tried to generate it was by having the lawyers not be always negative but to take the positive attitude with their clients and say, "Look we don't think you ought to do it that way, but how about this." I think there was a lot of that and I think during my period as General Counsel, both by organizational structure and by attitude of the office, I stopped hearing things for a long

50/ change to: I always had a certain amount of difficulty--that't the understatement of the week--standing up to him.

51/ add: while he was Chairman

time: "Oh the God damned lawyers are holding this up." That was sort of the watch-word of the first ten years and during the ten years of my being in charge of the legal affairs, I didn't really hear that very much. I think I brought a different sort of perspective of lawyers to the Corporation and found it easy to work well with the financial people and the program people. I got along with them and during that period--I certainly won't claim all the credit for this--but after people like David Acheson and George Sampson and Sig Reiger and Bruce Matthews left the Corporation, all for different reasons, there came an era of relative peace there that did not exist under that earlier group. That earlier group including with John Johnson,^{52/} they were pretty combative with each other and there were times when they wouldn't talk and they were always seemed highly in competition. After those gents left the scene for a period of most of the time I General Counsel and new people started to come up, I really think there was a much different attitude, a very friendly, cooperative attitude on the 8th floor, and people did get along, they worked together, there was a much better and opened spirit among them, there wasn't a lot of back

52/ delete: including with John Johnson

biting. I mean, you're never without that thing in an organization like a corporation, but it really was an era of peace and that was also the most profitable area for the Corporation, it was making lots of money at that time and hopefully going to be good to its shareholders. I think I contributed to that. I don't think I made it but I think I contributed to it. I think I contributed to the Corporation as a compassionate place. I think I was known as sort of a pussy cat of the Vice Presidents, the soft touch, the easy-going guy and I don't know that I was all that much of pussy cat or all that much of a soft touch, but I believed in treating people well, decently, with respect, with dignity and I think I had some influence--I wasn't the only one--but I think I had some influence on the Corporation in that respect. I think it became a nicer place to work and a place that people....during the first 10 years, I shouldn't say that it was rough on individuals, they weren't, the Corporation looked out for its people in those days and I think there was a continuation of that.^{53/} But I think I was one of the people that

^{53/} change to: I think it became a nicer place to work than during the first 10 years. I don't mean to imply that the first group of Vice Presidents were rough on individuals--they weren't--the Corporation tended to look
(Continued on page 40)

contributed to COMSAT's compassionate nature. I don't know whether that still exists or not. When things get tough and the money gets short and the competition gets tight....

TMS: Tensions build?

WB: Tensions build and there is less room for compassion. So maybe during the period that we had this monopoly and the growth and the use of satellites was growing like crazy and we were kind of a money machine, maybe it was easy to be compassionate and nice guys. But, there were companies that weren't. ITT, for example, is a company that during its best years was also the meanest and toughest employer, around or one of the meanest and toughest.^{54/} We weren't like that and I think I had something to do with that; I hope I did.

TMS: You mentioned Leo Welch, and McCormick, and Joe Charyk,

(Continued from page 39)

53/ out for its people in those days and I think there was a continuation of that.

54/ change to: ITT, for example, was a company that had a reputation during its best financial years as the meanest

one of the things that I'd like to ask is if the person with whom I'm speaking can, say, name four individuals that in his or her opinion really got a great impact on COMSAT, really helped shape the company. Would those three be among them or would you choose someone else?

WOB: No, Joe Charyk would be number one on my list. He is, as I said, he is "Mr. COMSAT." He was there at the beginning

been in charge for the twenty-two years that the Corporation has been in existence. He had to live with three other Chairmen, none of whom were all that for easy for him, I think, because he was sort of their number two man and that's always a hard role. So some of the affection that I had for Leo and for Jim McCormick and even to the degree I had it for Joe McConnell, might have been a little more tempered with Joe

Charyk, because he was working with them pretty constantly. But he has been and was the true leader. What the Corporation is, Joe essentially made it and what it wasn't was essentially his responsibility, I think. He was in charge the whole time. There was never any question that Joe was the principle leader and you had three Chairmen who obviously had some impact on him during their tenures but he was the thread through the whole thing.^{55/} So I think, unquestionably he's got to be number one on anybody's list. Well, I was saying that four people, Joe Charyk is certainly number one and I think has got to be in anybody's view.^{56/} I would be surprised if you'd interviewed anybody who didn't say that.

TMS: Its probably just as well as to structure it, "What three in addition to Joe Charyk would you?"

^{55/} and toughest employer around.change to: There was never any question that Joe Charyk was the principle leader even though you had three Chairman who obviously had some impact on him during their tenures. He was the thread that ran through the whole first 22 years.

^{56/} delete: Well, I was saying that four people, Joe Charyk is certainly number one and I think has got to be in

WB: A lot of people come time mind. You asked about Welch and McCormick; no, I don't think they are in that group.

was not that strong of an influence on the Corporation, Leo Welch wasn't there very long, so I would pass them over for those reasons. I think maybe my number two would be John Johnson who was there at the very beginning, had a tremendous impact on the formulation of INTELSAT and the whole global system, was really in charge of it.^{57/} He was kind of a counterweight to Joe Charyk in the sense that they were intellectually, they were equals. They were equally good advocates, they were equally articulate, they were both brilliant men. You could have interchanged them, Johnson could have been number one and Charyk essentially the number two, I could have played it that way.^{58/} John went on and became the leader in INTELSAT itself after it was formed. He was the first Chairman, I think, of the Board of Governors. Then when the Corporation decided to diversify and began to develop domestic and competitive businesses, John became head of COMSAT General; he was essentially in charge operationally and

57/ anybody's view.change "it" to "that whole area of our activity"

58/ activity"

business-wise, in charge of the monopoly business for a while.
Then he switched to the competitive businesses when [they]
started

and he carried that through. Then, the third thing was after he retired, he came back and he became....well, as the head of COMGEN, he helped to develop the SBS entry.^{59/} And then, after his retirement, he came back and he headed up the Satellite Television Corporation for about a year. I don't think there was anybody who was as intimately involved in all of the detailed operations of the Corporation as John. He had much more to do with the operations and the details of start-up things like that. Obviously he did not have the role that Joe Charyk did with the Board and that kind of thing, although John was on the Board for a number of years. He's clearly number two choice.

Number three I would say, giving the devil his due, Joe McConnell. He was Chairman I don't know how many years, maybe five or six. But he was a powerful man. He was there when crucial decisions were made about going into the domestic business, the entry.....first, I can't even remember the name of the thing, but ending up with SBS with AETNA and IBM. He was pretty much the architect of all of that, obviously with

^{59/} change to: Then when the Corporation decided to diversify and began to develop domestic and competitive businesses, John became head of COMSAT General; essentially he was operationally and business-wise, in charge of the monopoly business for years. Then he switched to the competitive businesses when they started and he carried that along and, as the head of COMGEN he helped to develop the SBS entry into domestic telecommunications.

Joe Charyk at his right hand, but I think it was McConnell's doing.^{60/} He may even have had something to do with the beginnings of STC, Satellite Television Corporation, although I'm not clear about that. But he was a powerful force, an interesting guy. The fact that he and I didn't always get along too well was him, he didn't get along with a lot of people too well. You had to admire him. He was a bull in a china shop and he was rough and crude some of the time but he was a hell of a dynamic human being and a very powerful force there and I guess I would put him as number three. That's where I run into trouble. I have some trouble coming up with a number four. Allen Throop wasn't around long enough; David Acheson certainly not; Sig Reiger could have been, but he died in the early stage.^{61/} I think about Metzger and Votaw and stuff and even me, I don't find a number four. Has anybody found an number four?

TMS: Well it varies, some people have mentioned Reiger for his

60/ change "McConnell's doing" to "primarily McConnell's initiative"

61/ add: Luke Battle was not there that long and his stay was divided into two stints. McLucas didn't play that important a role.

influence on the early technological development and some people have mentioned any of a number of the legal figures, yourself, or Throop, or Melamed as secretary...

WB: Malamed was there for a year or a year and a half, no.

TMS: Some people were very impressed with his handling say of the writing of the early stock offer, the prospectus, things like that.

WB: I wouldn't give it that kind of a high ranking I'd say Allen Throop was much more important than David Melamed. David Melamed's a damn good lawyer and he did a good job I'm not demeaning him at all but I certainly wouldn't put him in that company. I really have trouble coming up with a fourth. Sig Reiger was a brilliant guy and I think did have a lot of impact on the technological decisions in the very early years. For what it's worth, he was an alcoholic and I think his last four years^{62/} there were virtually useless. That's got to have

^{62/} change "four years" to "three or four years"

some impact.^{63/} I don't know, a lot of people may not know that.^{64/}

TMS: I don't think most people know it but the assessment of its impact on his usefulness at work tend to vary perhaps with the sympathy with which they remember him in general.

WB: Well, I was very close to him; he used to call me his mouth piece, and we were good friends, and I liked Sig a lot, and I have great respect for his brilliance, and he really was brilliant. But he got maybe three years or four years or five years of good technological input and then I think he detracted as much as he contributed. I think he added to the confusion. He coined a couple of good phrases, he used to call COMSAT "Disneyland East" which was kind of amusing and there was some validity to that. There was a lot of confusion and it was an little bit of an amusing place in some respects.^{65/} But it's very hard for me to come up with a fourth name, certainly that

63/ change to: That's got to have some negative impact on his evaluation.

64/ delete: I don't know, a lot of people may not know that.

65/ delete: and it was an little bit of an amusing place in some respects.

ranks or rivals with the three I've named. Actually, maybe I give Joe McConnell a little too much due in that and I mean my ranking Charyk and Johnson one and two and then I really think you get kind of a space and then I think McConnell probably belongs in there.^{66/} You've got to find a fourth, I can't find a fourth and I'm trying to think of who I've forgotten, whether there are any Board members. There is a guy by the name of Bruce Sundlun on the Board, who is a good guy, and has been there since the beginning. I think Bruce has been a good Director, and an important Director but it's a once a month kind of role and not that much involved in the continuity of the day-to-day business. I'm pretty hard put to find a number four.

TMS: Well Charyk and Johnson are almost universal choices when it comes right down to it and after that it varies quite a bit. But I'm perfectly satisfied to leave it at three.

WB: OK. I can't come up with a fourth.

^{66/} change to: Actually, maybe I give Joe McConnell a little too much due; I mean, ranking him just behind Charyk and Johnson as one and two. I really think you get kind of a space after them and then I think McConnell probably belongs in there.

TMS: Let's shift focus again a little bit and let me ask you what factors do you think, on the one hand have most contributed to COMSAT's success, on the other hand--a different set of factors--have most limited COMSAT; kept it from being all that it could be?

WB: Well I think the factors that have contributed to it have been partly accidents of fate. It was an entity that was created out of the John Kennedy era of good feeling, and "we can do anything we want to do" and "space is our frontier" and "you know this is Camelot" and "if we say it won't rain during the day it won't rain during the day." So COMSAT's birth was in that short era and it captured the public imagination. It was a private company with a governmental mission, which was pretty fascinating to most people. It had, I think, the reputation of having kind of an elite staff and a lot of it recruited from the government or sort of the top communications companies. So, in many ways COMSAT was born with a silver spoon in its mouth and it would have been hard for it to be a failure because the image and the birth was so right. It's not so hard for a Rockefeller to be a success because he starts with all the right tickets. COMSAT, in many ways, started with

those kind of right tickets. I would say beyond that, there were the brains of Joe Charyk and John Johnson and a quite good Board; but mostly I'd say those two guys who were really I think dynamic, imaginative, positive leaders. I really believe that. That's not saying it for their ears. They had their faults, their failings, every human being does. Johnny was unbelievably argumentative, he frequently didn't listen to people, he loved to hear the sound of his own voice, and I wouldn't mind him hearing this. But he is an absolutely brilliant, articulate, dynamic, hard-driving (in a nice way) individual. The same kinds of things can be said about Joe Charyk, modified slightly. He's a little less hard-driving than Johnson, a little softer, he listens more, but he is brilliant. He thought dynamically, he thought positively, but he was a little more intellectualized; I think he considered problems more and what his alternatives [were].^{67/} He came out of the what's-his-name era--McNamara crew of the brilliant young guys in the Defense Department--and I think Joe is a guy

^{67/} change to: He thought dynamically, he thought positively, but he was a little more intellectualized; I think he considered problems more thoroughly and his alternatives carefully.

who likes to consider all his alternatives.^{68/} He's not a very good decider and I mean he has trouble making decisions and finally saying, "This is it. We're going to fish or cut bait here, but this is the final decision." Joe always loved to leave things open, but as a leader, and as a guy with imagination, and a quick, comprehensive mind and someone to pull people along with him, he was absolutely great. He's one of the quickest minds I've ever encountered and very thorough. You know, he was very easy for a lawyer to work with. A lot of technical people have trouble understanding legal problems and the fussing over words and the nuances of argumentation and stuff; Joe didn't. You could explain a fairly complex conflict-of-interest problem to Joe Charyk and before you finished half your explanation he knew what you were talking about and he could understand both sides of the argument. He had that kind of mind, and in that sense he was very easy to deal with. You didn't have to explain a lot of things to him. He was just a quick study and [had] this mind was always and working and always a lot of imagination.

^{68/} change to: He came out of the McNamara crew of brilliant young men in the Defense Department--one of the type of thinkers who likes to consider all his alternatives and keep them all available.

I think those were two major contributors to the success of COMSAT. I think they brought in good people. I think there was a sense of high ethics and public service about the place that it's kind of hard for some people to believe. I really think COMSAT was a place where there was very little cheating. If it had an environmental problem, for example, I think it was the kind of organization that would have been honest about its environmental problem and have tried to solve it and I don't think there would have been a cover-up.^{69/} It was a very ethical, very forthright, organization; that's Joe Charyk's leadership. I think he generated that characteristic in the Corporation. I think he led people in that sense too. I think he--I was going to say--preached to a high degree of ethics. He didn't preach, but I think, by example, you just had the feeling that Joe was an honest, forthright, guy and it's funny because in many ways he's quite secretive and not very forthright. In terms of ethics and honesty and fair-dealing, I think he was highly ethical and highly forthright. I think the Corporation took a lot of that cue from him. I think the sense

^{69/} change to: I really think COMSAT was a place where, if it had an environmental problem, for example, it was the kind of organization that would have been honest about its problem, tried to solve it, and I don't think there would have been a cover-up.

of public service both he and Johnson and other people like me, a lot of us brought to the Corporation because we had spent a fair amount of time in government.^{70/} I think we felt that this organization could be financially successful and provide public service at one and the same time. I think there was much of that.^{71/} So, we had a very high class kind of organization with bright people in it who were dedicated and had a high sense of purpose and ethics and I think that those are things that Joe brought to it, and I think its one of the things that made it an achiever as a corporation.^{72/} It's hard for me to think of what else, the time was right for it and I think Charyk and Johnson were good leaders and the public's imagination was captured by it and I think we handled ourselves well.^{73/} I think we did a good job developing the INTELSAT system and so I think there was a lot of respect generated for

70/ change to: I think the sense of public service both he and Johnson and other people brought to the Corporation because we had spent a fair amount of time in government.

71/ delete: I think there was much of that.

72/ delete: and I think its one of the things that made it an achiever as a corporation.

73/ change to: The time was right for COMSAT and I think Charyk and Johnson were good leaders; the public's imagination was captured by it and I think we handled ourselves well.

the Corporation in having taken on a kind of a problem with no answers and come up with good solutions over a period of....I don't know, the start-up phase was I suppose 5 or 6 years and then carrying it forward through the growth period which was maybe the next ten. And then we came to harder times during the last three or four or five.^{74/}

TMS: Let's take a look at the other side of the coin then. What kind of factors do you think have limited COMSAT--kept it from achieving either in-house or out-of-house--kept it from achieving all that it might have achieved?

WB: I don't know the answer to that. I have some guilt feelings about that because I was part of the senior management during a period when we didn't achieve all we should have achieved--during that diversification period. I look at companies like Martin Marietta and even Pepco now and the growth and dynamism that's in those companies and I say to myself, "That should have been COMSAT." That's where we should have been. Where did we go wrong? Why the SBS failure? Why the hardware [business] failure? Why the software [business]

^{74/} add: years I was there

failures? Those were the new business enterprises that we started to go into five or six years ago. Why the STC fiasco? I wish I knew the answers to those, I really don't. I think there were some things that trouble me about COMSAT and I guess this points to Joe's leadership, too.^{75/} I think there came to be there--and I don't know when--but when it got to be a certain size, I think the Corporation lost something that was maybe valuable to it during the early years, and that was, I think, dissent was not encouraged during the last five or six or seven or eight years.^{76/} I guess as I think about it, maybe that started with the McConnell [chairmanship]--I hadn't thought about this before--but maybe that started with the McConnell era. I think maybe Joe McConnell was so strong and so dynamic and so forceful and tough and frightening; he was an intimidating man. He certainly intimidated me as I said earlier. I suspect he intimidated Joe Charyk and almost everybody around there. He took people apart.

TMS: It would be hard not to be intimidated.

^{75/} change to: I think there were some things during the latter years that trouble me about COMSAT.

^{76/} delete: or seven or eight

WB: Yea. I don't know about John Johnson. I can't really speak for that. I think what Joe McConnell....boy, this is damning him in a way and in a way I didn't want to, but it just occurred to me, and its an interesting thought, and for the history books maybe its worth expressing. I think he was such an intimidating character that he probably brought with him the era when dissent was discouraged and maybe that's how come we got into trouble. I think during the early years....you remember I said earlier that I always felt free with McCormick and Leo Welch and Joe Charyk to say, "I disagree, you're wrong, I think we ought to question that." I never felt that I was going to get my knuckles rapped or worse for that. [With] McConnell, you simply didn't get that feeling and I think maybe he--I'm repeating myself a little bit, but I'm trying to formulate what's just come to mind--maybe he intimidated Joe Charyk enough,^{77/} that that became the kind of characteristic of the Corporation starting with the McConnell period. I don't remember precisely when he became Chairman. I suppose it was 10 or 11 years ago, that that might have been the beginnings of the seeds of failure. I can tell you this, that there were times during some of the acquisitions of businesses, during the

^{77/} add: and the rest of the Board, as well as the staff

expansion-diversification period, when the lawyers were not happy with arrangements or a deal or something like that. There were times, for example, when we were formulating STC as a business plan--and I can remember asking John Johnson at a large meeting, a senior staff meeting--asking about "In your figures" I said, "there is nothing for overruns, there is nothing for cost-increases, there is nothing for mistakes," and I said, "you know you and I have been around government programs--whether it's Atomic Energy or NASA or what--big programs enough to know that there are always overruns and there are always mistakes and there are always cost-increases. You don't have any in your estimates here." And I kind of got pooh-poohed at the meeting. You know, "What are you lawyers asking questions like that for?"

TMS: It's a funny thing for Johnson to say.

WB: Johnson became a....he really became a manager and not a lawyer and a lot of ex-lawyers....Irv Goldstein's a little like that now. There's nothing like a reformed lawyer, to hate

lawyers; not to think so highly of them.^{78/} Anyway, I think dissent was discouraged during that--I don't know what the period was--six, eight, ten years.^{79/} It was an increasing discouragement. I think people felt less free to question. That was true of me, and, as I say, I feel guilty for some of the failures. On the other hand, I have no doubt that if I had made enough of a nuisance of myself--in terms of questioning deals and acquisitions and stuff--I probably would not have lasted very long.

TMS: That's a difficult situation.

WB: I can be rationalizing my own failures in that but it is tough and obviously there comes a point in something where you--if it's a real issue of principle--you've got to resign over it, maybe, but these were business calls, they were business judgement calls, when people would say, "What do lawyers know about that kind of stuff?" There is some tendency to say, "Maybe we don't." But there were instances like that

78/ change to: There's nothing like a reformed lawyer, to disparage lawyers, to put them down.

79/ delete: eight, ten

and I'm not saying the lawyers had all the answers either.^{80/}
What I'm saying is that, throughout the Corporation, I think there was an inhibition on dissent that probably, as I think about it now, started with the Joe McConnell era. I don't know whether Joe Charyk adopted that as his way, having been subjected to it, or what. But I think it was a problem.^{81/}
During my last 5 years there I really got the feeling that dissent was discouraged. That's an unhealthy kind of situation. I guess that's the major thing I can think of that occurs to me as to why things aren't better or why they failed or what went wrong or something like that. The people were still good, the personnel policies were still satisfactory. I could point to minor failures but it's got to be something major and that's the only thing that's of a real magnitude, a real significance, that I can put my finger on.^{82/}

80/ change to: Its a long term chilling effect. And, there were instances like that. I'm not saying the lawyers had all the answers either.

81/ change to: But I think it became a broad problem.

82/ change to: Minor failures, or periodic mistakes, are usual, but an overall pattern of failure out of an original success story has got to be something major and the inhibition on dissent is the only thing that's of a real magnitude, of real significance, that I can put my finger on.

TMS: That's a very interesting response. Let me ask one final question which involves maybe even a little more speculation than that and that is, insofar as you are still following COMSAT, how do you see its future? There's a lot of things going on for the company right now, a lot of things happening. How do you see the future and how do you think COMSAT might best prepare itself for its future?

WB: Well I don't see its future as very positive at the moment. I think, to speak candidly, every diversification venture that COMSAT has gone into--I may be wrong, I may be overlooking something--but I believe that everyone of them has been a failure: the Cadcam business, the hardware business, SBS, STC. They've all cost the Corporation a lot of money, they haven't contributed to earnings and I think, to be honest, you simply have to call them failures. The Corporation undoubtedly would have been better off had it not gone into any of them. That's perfect hindsight.^{83/} I think its problem now is partly financial. [COMSAT'S] lost a lot of money in those things.^{84/} But I think a bigger problem for the future

^{83/} add: of course; I didn't foresee those failures either.

^{84/} change "things" to "ventures"

is finding a mission. The Corporation is very much under attack on its monopoly business. If it's going to own earth stations,^{85/} it's not going to be the major owner of communications earth stations in the future. Everybody's getting into the act. As you probably know, a lot of people are getting into the Communications Satellite Act by alternative systems across the North Atlantic and while those are your circumscribed at the moment--and I think we feel they will be circumscribed by some sort of controls put on--I don't think there is any doubt that the salami is starting to get sliced and that that monopoly business--the access to INTELSAT--is going to be eroded.^{86/} COMSAT's exclusive access to INTELSAT and the exclusive ability to handle switched network traffic^{87/} is going to be eroded in the future. So

85/ change to: If it's going to continue to own earth stations

86/ change to: As you probably know, a lot of entrepreneurial types are getting into the act also by proposing alternative systems across the North Atlantic; and while those alternatives are circumscribed at the moment--and while I think they will continue to be circumscribed by some sort of controls in the future--I don't think there is any doubt that the salami is starting to get sliced and that the monopoly business--as well as access to INTELSAT--is going to be eroded.

87/ add: on the INTELSAT system

the monopoly business is under fire and is not going to be as productive of revenues as it's been in the past. All of our searches, with some possible exceptions, of some of the current COMSAT General efforts have been failures.^{88/} The Corporation has got to find a new mission. This isn't just to produce revenue but, I think, its to....and don't think you're going to keep good, and intelligent, and devoted, and interested employees; unless you have some excitement there.^{89/} The monopoly business is not going to be a major source of excitement. The things that would have been [exciting] look like they are going away. I mean SBS is already, I think STC certainly looks like its disappearing.^{90/} There is no excitement to keep a good staff there. I think that is a major goal the Corporation has to find. Irv Goldstein, I think, has got to find a mission for that Corporation that will reinvigorate it. It's like (I don't know

88/ change to: All of our searches for productive new businesses have been failures.

89/ change to: This isn't just to produce revenues but, I think, its also essential to keep good, and intelligent, and devoted, and interested employees; you must have some excitement there.

90/ change to: I mean SBS is already gone and STC certainly looks like its disappearing.

if you watched the Redskin's game yesterday) an interception, one thing,^{91/} can turn the whole thing around and get the team on the move again and get the juices running and excitement up and the level of competitiveness back and COMSAT needs an interception at this time; something exciting and striking and I don't see it there. I don't have any great ideas, but I think that's what they need. When you say, "What can they do, how can they go about it?" I don't know, but that's what they've got to find. As I say, I don't have any great ideas about what that is, I wish I did.

TMS: That's very, very interesting. I've covered all of the questions I wanted to ask. I hesitate to ask you anymore, except to thank you for your time.

WB: It's a pleasure, I enjoyed doing it.

91/ change "thing" to "big play"