

COMSAT HISTORY PROJECT

Interview with William Gilbert Carter

Interview conducted by Nina Gilden Seavey

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Interview with William Gilbert Carter  
INTELSAT Headquarters  
10:00 a.m.  
July 15, 1985

NBG: Describe, if you would, your tenure in the foreign policy field as it relates to telecommunications policy and specifically as it relates to COMSAT.

GC: In the spring of 1962, I was practicing law in Paris and I had been involved in a little bit of the politicking during the 1960 campaign and had decided, at that point, that I wanted to work for the government for a while.<sup>1/</sup> When I had been in law school, I had thought of going in the foreign service and decided not to, and practiced law, at that point, for the better part of 10 years. [I] was able to persuade my law firm in Paris to give me a two year leave of absence and I went seeking a job in the [Kennedy] Administration. I obtained one as a Special Assistant to the newly-designated Deputy Administrator of AID, the Agency for International Development, with a man called Jake Lingle So [in May of 1962] I moved to Washington to work for AID and for Mr. Lingle specifically. That was in May of '62. Shortly, really six weeks after I went

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<sup>1/</sup> delete: ...and I had been involved in a little bit of the politicking during the 1960 campaign and had decided, at that point, that I wanted to work for the government for a while.

to work for him, he decided that AID was not for him and resigned and went to NASA, actually, as an Assistant Administrator for what became the program of utilizing space technology for civilian applications. He asked me to go to NASA with him. I didn't, because my particular interest was in foreign relations, and specifically in developing countries. So I was left in AID really with a paycheck but no job.<sup>2/</sup> [I] talked around to a number of people, including Richard Gardner, who was at that time Deputy Assistant Secretary for International Organization Affairs in the State Department and a former colleague of mine at my law firm, Coudert Brothers. Dick had been involved in some of the early State Department consideration,<sup>3/</sup> (particularly through the United Nations where Adlai Stevenson was then Ambassador), of the peaceful uses of outer space and specifically in the telecommunications area. Dick said to me that there had been a recent reassignment of responsibilities in the State Department for primary responsibility for telecommunications--space communications specifically--and that the focal responsibility

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2/ delete: So I was left in AID really with a paycheck but no job.

3/ add: of satellite policy

had been given to the Bureau for Economic Affairs. He suggested that I talk to the Assistant Secretary for Economic Affairs, Griffith Johnson, because he felt that the more conventional telecommunications unit in the E. Bureau needed help to deal with their new assignment of responsibilities in space communications. I talked to Griff Johnson who had come into the government as being from the Motion Picture Association of America. He had been chief economist for the Motion Picture Association of America and we got along very well.<sup>4/</sup> And to make a long story short he said, "Yes, I think I'd like you to work for me and I'd like you to work specifically in the area of helping me discharge the Economic Bureau's new responsibilities in the area of space communications." So I was taken on....the way that took place is I was appointed a Foreign Service Reserve Officer in the State Department, a Class II Foreign Service Reserve Officer, and given the exotic title of Special Assistant for International Space Communications. Perhaps the most accurate way of describing my job is that for a period of about a year at least, I was the only person in the State Department who

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<sup>4/</sup> delete: ...for the Motion Picture Association of America...

full-time who was worrying about international space communications; that was in I would guess July of 1962.<sup>5/</sup> The people I was working with, the other units in the Department, other than the E. Bureau, were of course the Legal Advisor's Office; the Office of International Organization Affairs, with Dick Gardner; and the Science Advisor's Office. I immediately established relationships with the other relevant agencies. There were many of them: certainly Ed Welsh, at the Space Council at the White House and with Arnold Frutkin and Leonard Jaffe who was the Program Manager-- and Arnold Frutkin was Chief Diplomat for NASA, and head of International Relations--and the Office of Telecommunications Advisor at the White House, etc.<sup>6/</sup>

NBG: Sure

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5/ change to: Perhaps the most accurate way of describing my job is that for a period of at least a year, I was the only person in the State Department who was worrying full-time about international space communications. I started in, I believe, July of 1962.

6/ change to: There were many of them: certainly Ed Welsh, at the Space Council at the White House and with Arnold Frutkin and Leonard Jaffe of NASA. Jaffee was the Program Manager and Arnold Frutkin was head of International Affairs, the Office of Telecommunications Advison at the White House, etc.

GC: There was a large number, at one point I think I counted fourteen agencies that were involved in various ways and to various degrees in trying to define overall administration policy in the area of space communications. Very shortly after I went to work the filibuster was on in the Senate, on the Communications Satellite Act of 1962--which you've, of course heard a lot about and everyone has--and that one of the points of issue in the filibuster was whether or not the foreign policy interests of the United States would be sufficiently protected under the legislation as it had come out of Committee. A little background on that, you mentioned the other day you were interviewing Ambassador McGhee, who was then Under Secretary for something or other....

NBG: of State....

GC: At State.

NBG: Political Military Affairs?

GC: Yes. Political Military Affairs. Yes, that's right. Ambassador McGhee had been the chief State Department witness

in the hearings before the Senate Commerce Committee and his erstwhile colleague, Senator Kerr, had really chopped him up in small pieces during the testimony and had left the State Department in a very weak position under the report language that came out of the Senate and the draft language of the bill; weak vis-a-vis, the to-be-formed Communication Satellite Corporation. It was weak in this sense: that the emphasis was on the Communications Satellite Corporation itself establishing the bases for international cooperation, informing the State Department, and receiving such foreign policy advise from the State Department as the State Department would deem to be appropriate under the circumstances. But the activist role was clearly focused on the Communications Satellite Corporation rather than on the [State] Department. This was a source of considerable concern to a number of people on the Senate Foreign Relations Committee, including Senator Gore and several others who were involved in the filibuster. The filibustering went on for several weeks and finally a deal was struck that they would stop the filibuster if an opportunity were given to have additional hearings on the foreign policy aspects of the Act. That was agreed to by the Administration and it was decided that Secretary Rusk would testify before the Senate

Foreign Relations Committee. The reason I emphasize this is that this was, in a sense, the first requirement for me and others in the Department (but for me in my new job) to focus on the basic policy questions of: to what extent was this going to be seen as a major foreign policy activity of the United States with a strong technical private enterprise component; or was it going to be seen as primarily a technical enterprise component with a some foreign policy adjunct to it. That was very much seen as the issue inside the Department at that time. At that point, I began working very closely with Abram Chayes, who was legal advisor in the Department. Abe and I worked out an approach to the Secretary's testimony which we thought would re-establish an appropriate balance between the relative authorities, if you will, of COMSAT and the State Department in the negotiations,<sup>7/</sup> if you will, of the international arrangements. Very briefly, the line we developed and was reflected in the Secretary's testimony and in some prepared dialogues on the Floor of the Senate between friendly Senators, was that the President....that there was a strong foreign policy component to this technology. Since there was a strong political component to it, the President of course under the

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<sup>7/</sup> change: "negotiations" to "eventual negotiations"

Constitution established the foreign policy of the United States and his agent for so doing was the Secretary of State, so therefore in fact, it was clear that constitutionally, the Secretary of State<sup>8/</sup> had authority to determine when a particular question, matter, or negotiation was of sufficient public policy significance that it should be conducted by and directed by the State Department. When, in other cases it was sufficiently commercial,<sup>9/</sup> if you will, in working out the private enterprise, commercial, technical, and operational aspect of the Communications Satellite Act, it would be appropriate for the COMSAT Corporation itself to conduct the negotiations. So it was kind of a doctrinal presentation, if you will, within the analytical framework of the constitutional conduct of US foreign policy.

NBG: So the test was then whether it was sort of operationally oriented or whether it was foreign policy-oriented.

GC: That's right. The thesis was adopted and confirmed by the

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8/ add: as agent of the President in matters of foreign policy

9/ change: "it was sufficiently commercial" to "the question was sufficiently commercial"

Senators in this dialogue that, of course, that must be the case because it must be the President who determines whether an issue is sufficiently important for an issue, or a question, or a negotiation, or a particular meeting, so that his agent for foreign affairs i.e., the Secretary of State was fundamentally in a controlling position. It did produce legislative history on that issue which both his [the Secretary of State] testimony, the questioning, and subsequently, dialogues on the Floor of the Senate attendant upon passage of the Act, embodied and incorporated that approach.<sup>10/</sup> It provided a very, very useful legislative history from the standpoint of the State Department aimed at, if you will, readjusting the balance between COMSAT and the State Department which had been quite badly destroyed by McGhee's testimony.

NBG: Can I interrupt for one moment, and ask you what in your recollection or just even through hearsay, what happened to McGhee, what was the problem there, why did it turn out to be a liability for the State Department?

GC: I don't really know. I've of course read the testimony

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<sup>10/</sup> delete: that approach

and I found Undersecretary McGhee quite supportive to my efforts later on. Perhaps Senator Kerr was something of a bully, and there was a very bullying, rancorous, bullyragging tone to his questioning of McGhee, which McGhee simply either chose<sup>11/</sup> or was unable to effectively combat.

NBG: So you think it was more of a process thing as opposed to a substantive thing?

GC: Yes I do. I think McGhee was "had" by Senator Kerr is what I think happened. There had been conflict inside the Administration on those provisions of the Bill and the State Department had not come out on top in those interagency discussions. There was also a school in the State Department, one which I never was a member of, (I'm sure you might have heard this before) a school inside the State Department who fundamentally had resisted the idea of a for-profit corporation, i.e., COMSAT, going into the [draft bill]. That school still had its spokesmen in the Department and they had rather more a tendency to favor an overt submission of the creation of the organization to, what I will call in shorthand,

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<sup>11/</sup> add: to ignore

a UN-type forum with one country, one vote. That was never the view of the Economic Bureau and it was not my view, and it was not the view of many other people in the State Department. Our theory was that it wouldn't work, that it would turn into a debating society and that we would go on for years without agreement on anything. And we were very, very conscious of the fact that Congress and the President had put a very, very high priority [on the passage of the Act].<sup>12/</sup> We were being pushed very, very hard. The fact of the matter is that the grunting and groaning that lead to the Administration Bill, which was the basis of what was adopted, was focused rather more exclusively on the domestic arrangements--should it be a private corporation, should it not, should it be governmental, should it not. It was not based on the international organizational side, and in fact, good words, good broad policy words, were incorporated in the Act on the international side. But, I would say honestly, there was certainly no agreement, and very little thought as to what the international arrangements would in fact look like at the time the Act was passed. It really was a world to be made within the framework of very broad, and very encouraging, open, sharing, kind of

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<sup>12/</sup> add: and creation of an operational system

policy words that were in the Act. But, behind those words, there was no plan, there really was no plan at all. It was all to be made. That was one of the reasons it was such a fascinating challenge; it was such a fascinating job. Well, in any case, I think that was of some significance--that whole sequence of things through the filibuster, the Secretary's testimony, etc. I believe the Bill was passed in August, I don't remember the exact date. Everything seems to be in August in the Communications Satellite Bill, it's very interesting. That's true, because the first interim agreements were signed on the 20th of August: The definitive arrangements were signed on the 20th of August. The Act, itself, had been passed in August originally. There is really an August-like motif.

NBG: I think it's Washington in August and everybody just wants to finish.

GC: Yes. That's right, it's time to get on with it. Well anyway, so it was in August and we....I must say that in retrospect, I can recall very well a sense of satisfaction that Chayes and others of us in the Department had. We had done a

good job at reestablishing what we thought was a reasonable relationship between the corporation to be formed and the State Department in terms of how to move forward, obviously together, to working out some sort of principles of international cooperation and organization in the field.

Well, I think the next significant thing that happened was....

NBG: In which you were involved?

GC: Yes. I'm speaking only obviously from my participation and my memory. I don't consider myself to be an historian of the early development although I was involved right in the first couple of years with most of it after the Act was passed. I should say that I had absolutely no experience in the telecommunications area at all before I went into this job, I was sort of, "have brain, will work".

NBG: Typical Washington phenomenon.

GC: I had, however, a lot of international experience. I'd been practicing law in Europe for eight years. I had a fair amount of experience in developing countries at that time and a

degree in International Relations from Yale; so that was my equipment.

NBG: Not a bad prerequisite.

GC: The next thing that I think that was really significant, and that in retrospect was very, very significant was that, quite shortly after the passage of the Act, (it was in September and I believe the Act was towards the end of August) a joint aide-memoire from the UK and Canada was delivered to the State Department. They had obviously been following very, very closely the debates in the Congress and the filibuster and so on and so forth. It was a rather, short but quite punchy aide-memoire saying,<sup>13/</sup> "We have followed with great interest the development of your policies and the debate in the Congress and so on and so forth. Now your Act has been passed and we really would like to get together and have exploratory discussions with you as to what you have in mind about possible international organization of such a system." It came in very soon after the passage of the Act. They were obviously poised, ready to go. So that was very exciting. The first reaction

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<sup>13/</sup> add: in substance

from a number of people in the Department was "Oh, my God, we can't possibly agree to that because we don't know what to say." And, as I said earlier, it was quite true that there was no positions, there was not even conceptual papers as to what the international organization might look like or how we should get there. There was absolutely nothing; it was tabula rasa at that point. I took the position....and by that time I had a lot of friends who were in a lot of different agencies, (and of course that's how you get things done in Washington is a network and I had a network going--I'd started it anyway--including Rich Colino, who was with the FCC at that time in the Common Carrier Bureau assigned to do satellite work under Bernie Strassburg). Well anyway, I took the position and encouraged others to, and it prevailed, that, "Of course we have to talk, because the last thing in the world we want to be seen is being 'dog in the mangerish' about this. We have cast this as a marvelous example of the peaceful uses of outer space and everybody is going to participate in it and benefit from it. We have this marvelous policy-orientation in the Act, we must be responsive." And I was very pleased that that view prevailed, not without a certain amount of difficulty, but it did prevail. So that, of course, led to the next requirement:

figuring out what we were going to say if we had the meeting. So we replied and said, "Yes, we would be glad to talk to you," and we set up meetings for October--I don't remember when in October, but it was in October--for these tripartite discussions: Canada, UK and the United States. And then I set to work to draft the position paper that we could talk from; which I did. I found it the other day except I don't have it at the moment. It was a fascinating paper to read again. I think there were 14 interagency clearances on it. That's where my 14 figure came from. I also believe that it's true--this is somewhat slightly impressionistic, I don't want to advance it as being absolute accurate--I think it was the last fully cleared position paper on international aspects of space communications for at least two years in the U.S. government. That's an interesting tale, and the reason for it I've speculated about is that it was so early in the game that there were no institutional conventional attitudes that had yet settled in the other agencies. It was a magnificent opportunity for what I will call someone flipply "broken backfield bureaucratic running." And that's what I did, and I ran like crazy, and got people to sign off on it.

NBG: So basically, you were opinion creating.

GC: Yes. And it's a good paper.<sup>14/</sup>

NBG: I should like to see that at some point if you manage to get it again.

GC: I've got one around here someplace...as matter of fact recently the question came up whether I could find it, and I did go home in my basement and I found a copy of it. I don't happen to know where it is right now, because I've been changing my office around a lot, but I can find one. It's a very interesting paper. It still holds up and that's why I think it's interesting. That was the paper<sup>15/</sup> we had them to talk from at these tripartite conferences. They took place right in the middle of the Cuban Missile Crisis. Mike Blumenthal, (who was then Griff Johnson's Senior Deputy, who later became Assistant Secretary and our delegate to the GATT, and Secretary of the Treasury, and President of Bendix International, and now President of Burroughs), he would come

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<sup>14/</sup> change to: And it's still a good paper.

<sup>15/</sup> change: "paper" to "position paper"

to Washington from being a professor of Economics at Princeton,<sup>16/</sup> was the head of the delegation. Leonard Jaffe and Arnold Frutkin were involved in it from NASA, John Johnson was, who was then General Counsel of NASA, Colino, Strassburg from the FCC, me, some people from the office of the Science Advisor from the State Department, and we had talks for two or three days.

NBG: Where were those talks?

GC: In the State Department. Well, without having reread that thing for some time, the thrust of what we were saying was that we did expect there to be opportunities for participation through ownership if desired in the system--whatever it turned out to be--and for joint participation in decision-making and that we were talking not about earth stations but we were talking about satellites (what we now call the space segment), and that it was important that we be open-ended; that we wanted broad participation. We also said that there should be opportunities for participation in the procurement (carefully

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<sup>16/</sup> delete: he would come to Washington from being a professor of Economics at Princeton

hedged about), opportunities for participation, and that we would want to move forward rapidly, that we would not be unilateral in saying, "This is the way it's going to be," but on the other hand that we felt a sense of urgency.

NBG: If I could interrupt....what was the sense of urgency? I've been picking this up from a lot from different people, what's behind this?

GC: It was US/Soviet relations is what gave the sense of urgency to it. Sputnik was a terrible blow here. Then it turned out (with the development of Echo in some of the other areas and then TELSTAR came along) that we really jumped ahead of the Russians in satellite communications and was an area where we were clearly ahead in the space thing. It was one which lent itself very nicely to the peaceful uses of outer space as opposed to the military; rather as distinguished from the military thing. There was a sense that [our] image, all those kinds of things,<sup>17/</sup> would be substantially enhanced if we could come up with a system based on US Technology, that in

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<sup>17/</sup> change: "all those kinds of things" to "all those kind of good things"

fact, was open to the world, in a sense.<sup>18/</sup> It was very political. And that sense of urgency came both from the Administration and from Congress, and was rooted in perceptions of US/Soviet relations.

NBG: And basically rooted in Sputnik.

GC: Yes. I mean that had been its origin. Well, Sputnik gave its tremendous kick to the whole US Space Program, not just in communications. It turns out it was a communications satellite. But then we sort of leap-frogged the Russians in the communications satellite aspect of space technology and that's where the urgency came in this. Because by '61, '62 we really were ahead of them in that field. So they said,<sup>19/</sup> "Let's do something with it that gets us some credit around the world.

NBG: Okay. Let me interject one other question for you while you're on a similar subject. Which is, here you are, you're sitting at a table or wherever you're engaged in the

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18/ delete: in a sense

19/ change to: Congress and the Administration

negotiations, with the UK, Canada....

GC: Okay, but they weren't negotiations. I'm not playing with words, but they really weren't negotiations.

NBG: Okay, they were talks, exploratory talks I suppose. My understanding is that initially when Phil Graham came on which was fairly soon obviously after the Act was passed, that he had it in his mind--and there were a number of people who were at COMSAT at the time--who wanted to see this thing bilateral; based on a bilateral negotiation, where we would deal with each country independently, and that there wouldn't be this open communication and consortium idea developed. Obviously, the State Department is going down one track here and Phil Graham is going down another. What happened?

GC: That's really the next chapter.

NGB: Okay, well don't then let me push ahead of you.

GC: No, it goes. It flows absolutely logically. Phil Graham was looking primarily to the carriers, the major international

record carriers, i.e., AT&T, and RCA and the others, to tell him what he ought to think about this field. He was very strongly under their influence. The carriers were made extremely nervous by all this new "political attention" to a field in which they were not used to having any "political attention." This was a theme which became very important in the early years, not only in the United States but in Europe and elsewhere. The telecommunicators didn't like foreign offices and foreign ministries mucking around with what they were quite happy doing and they'd been doing it a certain way for a long time--which was bilateral discussions--with some....and this was sort of really what the traditional telecommunications unit in the State Department did, with organizing participation in ITU conferences, and sort of knowing what was going on, but in a very passive role, very, very passive role.<sup>20/</sup> There was no international telecommunications foreign policy of the United States, really

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<sup>20/</sup> change to: The telecommunicators didn't like foreign offices and foreign ministries mucking around with what they were quite happy doing and had been doing it a certain way for a long time--which was bilateral negotiations--while what the traditional telecommunications unit in the State Department did was to organize participation in ITU conferences, sort of knowing what was going on, but in a very passive role with respect to the carriers.

at that time at all. There never had been. It was carrier controlled, and the carriers wanted to continue it that way in the area of space communications; for obvious reasons, they didn't want a new cast of characters around. It didn't take me or others too long to figure this out. It became pretty apparent. The fact of the matter is that because of this generalized political context that I talked about just a moment ago--the US/USSR--because of the glamour attached to space, space communications attracted interest by an enormous number of diplomats, politicians, and foreign ministry types around the world, which telecommunications (not only in the United States but all around the world) had never attracted before. This made the carriers extremely nervous since they were advocating a series of bilaterals and so and so forth. Their influence was very strongly brought to bear on Graham. The [COMSAT] Incorporators were designated, I believe in October, at the end of October '62, yeah, it must have been the end of October, possibly the first of November: Graham, Leonard Marks, Joe Charyk, Bruce Sundlun....I can't remember all of them.

I had a, you know, I don't mean to overly personalize this, I had--and others of us including Rich and some other people

had--a very lively sense that we were in a real struggle with I will call it "conventional carrier psychology."<sup>21/</sup> And that it was going to be very dicey. I proposed<sup>22/</sup> almost instantly, after the end of the UK/Canadian/US tripartite discussions, I put a paper up through the channels in the Department to the various people involved, saying, "Do you know, it would be absolutely fatal," said I, "If the rest of the world and other Europeans, thought that there was a special relationship developing here between the US and the UK." That would be a negative and we ought to be...<sup>23/</sup> This was not too hard to do because Sir Robert Harley (no I can't remember his name) who was a rather distinguished British fellow from the Post Office who headed their delegation, had said, "Well, now we would like to make a report on these conversations to the meeting of the European CEPT group," (the European Conference of PTT's, the French acronym CEPT) which is coming up in Germany in November, we'd like to report on these." And

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21/ change to: I had--and others of us including Rich Colino and some other people had--a very lively sense that we were in a real struggle with I will call it "conventional carrier psychology."

22/ delete: I proposed

23/ add: take the initiative.

we said, "Oh, we think we'd like to do our own reporting, thank you very much." It was in that context that I said, "Look, we'd better get over there and talk to some other people, because otherwise, the British are going to run around saying....make themselves our spokesman and God knows we lose control of that, it looks like a special relationship, that's going to be bad, blah, blah, blah.<sup>24/</sup>

NBG: Right.

GC: And so everybody said, "Okay, fine," and I got sprung.<sup>25/</sup> With my position paper in my little pocket--which we had because of the UK/Canadian ones,<sup>26/</sup> otherwise we wouldn't have had it for months, I'm sure--and a fellow called Buck Nesbitt who worked for the Office of the Science Advisor, I<sup>27/</sup>

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24/ change to: It was in that context that I said, "Look, we'd better get over there and talk to some other people, because otherwise, the British are going to run around saying we don't know what and make themselves out to be our spokesman and God knows we don't want to lose control of that, it will look like a special relationship, that would be bad, blah, blah, blah."

25/ add: out of Washington.

26/ change: "ones" to "talks"

27/ change: "I" to "we"

went to that CEPT meeting and also went around and had some bilateral discussions pretty much all around Western Europe in November. I<sup>28/</sup> went to France, to Germany, I went to to Sweden and met with the Nordic group as a whole in Sweden. I don't know if I specifically went to Italy or not, I just don't remember. And then I<sup>29/</sup> went to the CEPT meeting. Well, the thing that was very interesting at the CEPT meeting a lot of foreign ministry types showed up from different...<sup>30/</sup> and that was, of course, the reflection of what was going on in the United States [and it was] making the PTT people very, very nervous; just the way the carrier people in the United States were nervous to see all this State Department interest in what was going on. It was just fascinating.

NBG: So all of a sudden you've got the political type on top of the commercial types.

CG: Right, exactly. So I spoke from the same paper, and it is a very forthcoming paper, there was no question about that.

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28/ change: "I" to "We"

29/ change: "I" to "we"

30/ add: administrations

TELEPHONE RINGS....

CG: Excuse me, I'm going to have to take this call.

NBG: Now we're at the CEPT.

CG: Yes. Well the CEPT meeting was I think....<sup>31/</sup> The bilateral discussions I had, we were in Europe for two plus weeks, in November. I personally think put an impress on these discussions, which was very significant. I think that as a result of them, the bilateral thing<sup>32/</sup> was out forever; that it was viewed, at that point really, a North Atlantic thing. I think the Europeans saw themselves as being picked-off by bilateral discussions. I can't say I encouraged them to do that but I do think the result of my talks led them to conclude that they'd better stick together as a group, and the CEPT offered an organizing principle for such a group to carry on these discussions with COMSAT and with the State Department, with the United States.

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31/ delete: Yes. Well the CEPT meeting was I think....

32/ change: "thing" to "aproach"

NBG: So Graham was basically overtaken by events.

GC: Yes. He was overtaken by events, that's exactly right. And it is significant that within days,<sup>33/</sup> by the time I got back to Washington, there was a letter from Phil Graham to the Secretary of State saying, "I understand," (of course it was the carriers that told him) "I understand that you've got somebody called Carter who's been running around Europe talking about my corporation and its future and what in the hell is he doing, and why is he doing it?"

NBG: Good question.

GC: Well, I knew why I was doing it. Because I didn't wanted the United States not to be on top of what the international organization looked like, that's why I was doing it. I'm very clear about it. I had no animus towards the Communications Satellite Corporation but I was, and am, struck and felt very strongly, that it could not be left simply to commercial happenstance or to old style negotiation, to get this policy got itself translated into in real life. I felt very strongly

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33/ delete: within days

about that.

NBG: Now, why wouldn't Graham have been invited to the CEPT meeting? Why was he not involved in that?

GC: The timing was really very close. There wasn't really any Graham when I went. And the Incorporators were announced and he came in really during the trip. The timing was really quite remarkable. I suspect, just as a footnote to somebody's history, anyway, I suspect that if it had been a month later, I probably never would have gotten out of Washington.

NBG: Interesting.

GC: I mean, that's just a speculation.

NBG: Let's go into a little bit this idea about the carriers and commercialization versus politics here. It seems to me that historically, in negotiations actually between communication entities, AT&T and the PTT, that the State Department had almost little to no involvement on cable issues.

GC: They had some....

NBG: They had some, but very, very, little from what I can tell from my reading. Now, here comes this new technology, this satellite technology, why is it that the State Department chose this time to seize on an opportunity to get involved? What was the difference that they made between the cable technology and the satellite technology?

GC: I think the difference that we made was that the promise of global interconnectivity (the promise, not the reality at that time) in satellite communications led us to conclude this wasn't the same thing as a cable. It simply was not an alternative form of point to point communication; of really basically of two points. The conceptual work and beginning experimentation on synchronous orbit satellites had already begun. It didn't take me long to figure out that if the developing countries were ever going to have any participation in space communications, it had to be a synchronous orbit system, not a random orbit system.

NBG: So it did make a difference to the State Department then,

whether it was synchronous orbit or random.

GC: Oh, it made a tremendous difference, it made a tremendous difference. Now that's a little bit later when that got focused. But, very early on the game I saw that.

NBG: Interesting, explain that a little. Why did you think that if the Third World was going to be involved that it had to be synchronous.

GC: Because of the cost of earth station equipment if you had a random orbit system. It would have been absolutely prohibitive. See I came from AID, I knew a lot about developing countries. The cost of earth station equipment--Andover was being built then and so on and so forth--was absolutely huge. See, the thing is with the random orbit system--(I mean I'm sure you know this, but if you don't I'll tell you....we're getting a little bit ahead, but that's okay. I could see this coming, and others could see it coming)--You have to have full tracking capability with at least two and possibly three antennas. You've got to have one that's got the bird that you're using, then you have to have

the handover one that picks up when the next satellite comes over the horizon of the 15 or 16 satellites that would compose a random orbit system, i.e. the TELSTAR System, i.e., AT&T. Okay? And a third backup as a spare. Well, the costs of that at that time were astronomical, meaning there were none of the developing countries have traffic needs that could possibly economically justify that kind of expense. And that, if I may say so, was my conclusion: that was exactly what the carriers wanted and some of the European PTTs. That's why they were pushing very, very hard for their TELSTAR system, because the TELSTAR system was a cable in the sky. It was appropriate only for high traffic, high density routes. And that's exactly the way they wanted it, and the PTT's wanted it that way, too. And do you know why they wanted it that way?

NBG: No, that was my next question.

GC: The reason they wanted it is because all communications north/south went through Paris or London. And they wanted them to continue to go through Paris and London. They wanted them to continue to go through Paris and London for economic purposes, for commercial intelligence purposes, and for

political purposes.

NGB: Interesting.

GC: So it was a very, very....

NGB: So it was a very political issue at that time.

GC: That technical choice was an extremely political issue.

NGB: Although COMSAT was capitalized based on the idea that we would be going into a random medium altitude system.

GC: Yes. That's right. And the reason they were [capitalized at that amount] is because AT&T was pushing that and AT&T was let's say genuinely--I don't care, honestly--they were saying that random orbit satellites are the only answer to acceptable voice grade circuits on satellites. You can't have an acceptable voice grade circuit with a synchronous orbit satellite, because of the transmission delay, because of the times involved. And they, of course, technical giants of the world in telecommunications, had pretty well persuaded most of

the PTT's that that was true, too. It really was extremely interesting.

NBG: Now, let me ask you one question. When the decision was made to go geosynchronous, as opposed to medium altitude, do you think that the State Department had an actual influence in that or was that just your concern and the decision itself was only technical?

GC: I'll have to answer that in two steps. One, when it was decided to go, the Early Bird satellite was an "experimental" satellite. It was going to turn into an operational satellite if it worked. That decision was made in full awareness I think, of its contribution--potential contribution to developing country participation--by including among others, people like Johnny Johnson. In other words, people in COMSAT understood that too. At an earlier stage, a stage where we're still at, 'cause we're still talking Fall of '62 at this point. This was not really seen very much I don't think by too many people except that I, maybe I'm flattering myself, but I got onto it pretty early on, I think, and it became very important in my mind. The other thing was of course, with the random

orbit satellites serving only high density routes, there was far less rationale for this broadened participation. It came much closer to the past set in history of bilaterals. That was in people's minds as well. Well, let's go back....

NBG: Yes. I was going to say, don't let me side-track you. It was just something I wanted to get clear.

GC: Well, that's okay. I mean, I'll get back to it, because there was another kind of watershed in it, which is a very interesting one. Okay, so I get back from Europe and there is this letter from Graham, and Graham was being....I mean it was the carriers who had done this and Graham was listening to the carriers. I happened to know quite well, and knew very well at the time very well a man called Max Isenbergh, who was acting as counsel to Graham. Max is a good friend of mine.

NBG: I know him.

GC: I'd known him in Paris.

NBG: He lives in Vermont now, doesn't he?

GC: Right. And Max was in a very tough position, because he knew what I was doing and he was very sympathetic to what I was doing and, of course, this was weeks before Phil Graham committed suicide; just weeks. Graham committed suicide that Fall. Max was aware that something was wrong with Graham.

NBG: My perception was that almost everybody was aware that something was wrong with Graham.

GC: Max was working with him very closely and he was very torn up about it, 'cause he didn't know what to do and he knew that Graham was getting very upset about various things, he was acting in a rather irrational fashion; so that was just a tough thing. And it was, really I think it must have been....well, the letter from Graham to the Secretary of State was just literally weeks before he committed suicide. Not more than two or three I don't think. I mean it was just about at that point. And that was an awful thing. I mean it was terrible. And then, at that point, Sam Harris became Acting Chairman of the Incorporators and Sam Harris was a very, very, very smart, solid, good, experienced man. I think the whole question of relationships between COMSAT and State would have been far more

difficult had Graham continued in that job than with Harris. Harris was a doer, a first rate guy. So Graham's death played a role in all this. There's no question about it in my mind.

NBG: I'm going to hate to sort of be base about this, but in essence, State Department relationships with COMSAT were enhanced by Graham's death, or his departure.

GC: Let me put it this way. I think they would have gotten a lot worse had he remained on the scene. I think that's a better way to put it. It may come to the same thing, but I mean, had he remained on the scene.<sup>34/</sup>

NBG: So, here we are with Sam Harris.

GC: So, here we are with Sam Harris. And then at that point a lot of the....

NBG: If you can excuse me for one moment. [Tape is turned over].

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<sup>34/</sup> delete: It may come to the same thing, but I mean, had he remained on the scene.

GC: One of the effects certainly, of that trip to Europe that Nesbitt and I made in the Fall of '62, one of the effects was a more or less permanent injection of foreign ministry political level types in the whole discussion within Europe; there is no doubt about that. I think another effect was the Europeans saw pretty clearly that they ought to hang together because the bilateral thing<sup>35/</sup>--they'd just get picked off. I think that came out of that. Because I told them that....

NBG: They figured that out.

GC: They figured that out.

NBG: One question. Was there ever a threat that the Europeans would turn around and develop their own system?

GC: No. It was not practically possible for them to do it at that time because they had no launch capability.

NBG: Okay.

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35/ change: "thing" to "approval"

GC: And Arianespace was many years away. They had no launch capabilities at all and nobody else did. Oh, incidentally, one of the things in that position paper, which I think is really pretty interesting is that we said that we hoped that this would be a universal system, indeed I put the word "single" in front of global system, "Single Global Commercial System". My contribution....

NBG: That will be duly noted.

GC: We said that we would hope that the Russians would join, that we would not deliberately do anything or adopt any solutions which we knew would preclude their joining. On the other hand--this was the kind of position we outlined to the Europeans, to the UK and the others--on the other hand, we would not also permit forward motion to be stopped because of intransigence on the part of the Russians. But the point was, we would hope they would join, but would not do anything that we knew would keep them from joining, but we wouldn't be stopped by a negative attitude towards us.

NBG: So what you're saying right here is that the existence of

position of not having to be hostage to anybody else to put up any money for the system, that it could finance the whole thing<sup>36/</sup> itself;" which is a very reasonable position to take. That,<sup>37/</sup> then, turned out to be estimated at 200 million dollars, which was intended to cover, and certainly would have, a random orbit system as you've said. That took a long time--that whole process of getting COMSAT organized, so on and so forth.

The next watershed, in my mind, I think was really the ITU conference in the Fall of 1963, which was the EARC

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36/ change: "thing" to "system"

37/ add: cost

Sputnik and Soviet activities in commercial satellites, was not necessarily a gauntlet laid down to the United States; that then we were going to compete with them.

GC: No, it was also true that it was pretty clear at this point and it has been clear ever since, that the INTELSAT initiative, going back then, really was under the technological and, in a sense, spiritual guidance of the United States too. We figured we'd get the credit for that and I think we have. I think we have.

Okay. So during that Winter, COMSAT was busy getting itself organized and getting its incorporation [papers] filed, you know in DC; and hiring Alan Throop to begin to worry about what their stock issue might be; and getting Leo Welsh in as having been the Vice Chairman of Standard Oil of New Jersey and a big financial man. That was seen as a major thing for COMSAT to do was to get its stock issue out; how much, and all of that. Then, go over some of the guidance....we were all involved in these discussions. This was not a lead on the part of the State Department, but we were liasing and working and so on and so forth. As it evolved, the idea was that, "Well, the stock issue ought to be enough so the United States is in a

(Extraordinary Administrative Radio Conference) in which the most significant agenda item being international agreement on [radio] frequency allocations sufficiently broad to permit an operational commercial system to be engineered, designed, and produced.<sup>38/</sup> Up to that point, the ITU had only made experimental allocations of frequencies; that was the context within which the work up to that point by NASA and others had been done in TELSTAR and so on and so forth. TELSTAR was going, that was a big deal, everybody thought TELSTAR was terrific, it was fine. AT&T was saying, "This is the shape of the future." They made their commitment to TELSTAR and so on and so forth. Well, the ITU conference was interesting. We knew it was going to be a pretty political conference. It, I think, was the first of the ITU conferences where the US delegation, or the US said to itself, "We have to have something other than the conventional telecommunicators on the delegation." The reason I say it was thought it would be political, was one: it's one country, one vote.<sup>39/</sup> The Russians were not indicating new interest in what we were up to. They controlled a fair number of votes. The developing countries: what were they going to do, was there any role, why

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38/ change: "produced" to "operated"

39/ change to: The reason I say it was thought it would be political, was this: in the ITU it's one country, one vote.

should they agree on international frequency allocations for a system in which they saw no realistic prospect of participating in at that point? What were the Europeans going to do? Maybe they would try to hold up the allocation of frequencies to a commercial system in order to let them play catch-up on the technology so that they'd be in a better negotiating position later. There was a whole lot of concerns of, in this sense, a broadly political nature. It was recommended, by a number of people including me and my boss and other people around, that we get some pretty high powered talent on the delegation and George Ball, who was then Under Secretary [of State] selected Joe McConnell to be head of the delegation. McConnell, at that point, was President of Reynolds Aluminum, and he had been President of RCA and before that of course, he was a lawyer, a Wall Street lawyer--very experienced, very sharp guy. Ambassador [Jacob] Beam, who had just come back from being Ambassador to Moscow, one of the more senior people in the US Foreign Service was made Vice Chairman of the delegation. I was kind of a political commissar. We had all the FCC people, and we had COMSAT people: Leonard Marks and Joe Charyk were on the delegation. There were senatorial participants: Vance Hartke and some other people, I don't remember who. It was a

hell of big US delegation as usually is the style for US delegations to ITU conferences; carrier people, so on and so forth. It got started in, as I recall, September of '63, it was the Fall of '63 anyway and it was in September and October, and it worked out fine. It was a fairly typical ITU conference in that there was great clashes at the beginning, nobody was getting anywhere and it went on and went on and then it began to take shape and it all fit into place pretty well at the end. McConnell was an extremely good head of the delegation, he was quite clear what his major role was: his major role was to be damn sure that we got international agreement on sufficient frequency allocations to permit the commercial<sup>40/</sup> system to get going. He did a fine job, he controlled the delegation very effectively, which is not always possible at ITU conferences. There are so many different interests represented in the US delegations. He was very tough, but very, very good. It worked out fine. I think something happened, however, during the course of that, or as incident to that conference that was extremely significant for the future of INTELSAT, COMSAT, the whole thing, which was the following: At that

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40/ add: satellite

point,<sup>41/</sup> the argument was going hot and heavy on synchronous versus random orbit and AT&T and many of the PTT's were pushing the random orbit program very, very strongly. I think that discussion....I don't know where it would have come out, I honestly don't know where it would have come out, but it certainly would have gone on for a long time. And a bunch of us, and I really can't remember where this came from, it came from NASA, from Len Jaffe, and from Frutkin, from me, and from George Jacobs and Harry Fine at the FCC, a whole bunch of people, we figured out (and I would say collectively, certainly I wasn't primarily responsible for it at all; I was involved in it, that's all) that there was a Navy ship that had a dish that if we parked it at Rota the U.S. Navy base in Spain, could see SYNCOM I (which was the first Hughes-NASA experimental synchronous orbit satellite). So we ran a landline from Geneva (from the conference room) down to Rota and then it could downlink to Goddard, and we ran a landline from Goddard to the UN and one day in the plenary session at the ITU we said, "There's a lot of talk about random orbit satellites and synchronous orbit satellites, and we have worked out a line," (which was 80,000 miles, now I've forgotten what it was, 23,000

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<sup>41/</sup> add" outside the conference,

up; 23,000 down, down to Spain, Goddard, up to....)<sup>42/</sup> "any delegates who want to talk to their UN Ambassadors can sign up in the booth, and we're going to transmit over this thing for the next week." And we did that in the middle of the conference, and as far as I am concerned, that's when the decision was made to go synchronous orbit satellite.

NBG: So basically you conducted a test.

GC: We conducted a demonstration, and that demonstration indicated that you had perfectly good voice grade circuits on the synchronous orbit satellite.

NBG: So it just blew the carriers out of the water.

GC: It blew the carriers out of the water, it blew TELSTAR out of the water is what it did.

NBG: So that's really where it came from.

GC: And I think that's where the decision was made, I really

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<sup>42/</sup> add: New York

do. It had a tremendous effect on that whole continuing discussion. See that was the Fall of '63 and it was in '65 that the decision was made to go for Early Bird with Hughes and that became the first operational INTELSAT satellite, (it was a synchronous orbit satellite) and that was the point, of course, at which developing countries began to sign up to join INTELSAT.

NBG: Because they then saw the potential for them being involved.

GC: Precisely, because we're talking about basically a fixed-dish antenna, you didn't have all the handover stuff, and you could use it obviously....the pricing was such that it could be useful for relatively thin-route traffic. And I honestly think that that demonstration cast the die, because there were all PTT people there at the ITU conference, right? And [the delegates would say], "Mr. Ambassador, this is your friendly delegate from Israel sitting over here in Geneva, can you hear me?" "Yeah I can hear you, how's it going?" "Terrific, you know." Well, I mean, you can't argue much about that, right? I mean, you can't continue to argue abstractly

whether or not that's going to be a satisfactory voice circuit if you, the head of the PTT, have talked on the damn thing, you know it is. So I think that was a tremendously important thing.

NBG: Although, AT&T still held back and said that....

GC: Yes, but I think they lost at that point.

NBG: Interesting.

GC: Really, this is me talking.

NBG: Sure, but that's your perception.

GC: But I really think that did it.

NG: Let me ask you a question, I don't know if this is relevant or not. The ITU at that time was under the auspices of the UN.

GC: Oh yes, it was a specialized agency and still is.

NBG: Was there, do you think, any influence of the UN and therefore Third World nations on the ITU conference--that may or may not be relevant?

GC: Yes, I think there was. There was a feeling among a number of people who weren't in a position to do anything about it, i.e., a number of the more politicized developing countries--kind of the Group of '77 type and so on and so forth--and the Secretary General of the ITU was an American called Jerry Gross. There were some perception that this whole thing ought to be negotiated under the aegis of the ITU or at least under the aegis of the UN; and that was the one nation-one vote and we were all very, very clear on the US side. There might have been one or two people in the legal advisors office who were still muttering in their beards that this is the wrong way to go. But basically, the US was absolutely unified (meaning COMSAT and the carriers and the State Department and the Administration, generally) that it did not make sense to try to negotiate international arrangements<sup>43/</sup> in a broad one nation-one vote forum. What made sense--and this is what was evolving over that period from

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43/ add: in this field

the talks with the Europeans--and to what made sense was to identify those countries ....Well, the first perception is it takes two to tango, right?

NG: Right.

GC: I mean you've got nothing if you don't have someone on the other end to agree to do it. Okay, so who did you have to have agreement with, becomes the question. You had to have agreement with the people whose participation was necessary if there was going to be a viable economic base to the system. That was the principle of selection for the people we talked to at first. It was obviously Western Europe to start out with, okay? Canada, no problem. Then we factored in Australia and Japan.

NBG: When was that?

GC: Oh, I can't remember specifically.

NBG: Soon after that....

GC: It was during the '63....it may have been the summer of '63.... it was after the CEPT talks and before we went to Rome in February of '64. It was during....

NBG: Oh you mean the McConnell delegation?

GC: Yeah. Well, it was the Abe Chayes' delegation. Abe Chayes was the head of that meeting.

NBG: Okay. Let's make sure that we have our talks straight. The ITU Conference with McConnell.

GC: Oh, Okay. No, the ITU conference was the Fall of '63. And I don't remember whether, I honestly don't remember, I should, but I just don't remember whether we talked to Japan and Australia before or after the ITU conference, I don't remember. We talked to them both at the same time. We invented a new form of diplomacy, I can't remember what we called it, we laughed about it. The Australians agreed to meet us in Tokyo and we had sort of talks with the Australians similar to what we'd had with the Europeans and the others, and

we had talks with the Japanese,<sup>44/</sup> and then we all got together and socialized, the three of us. Johnny Johnson was there, Ed Istvan from COMSAT, me, I can't remember who all.

NBG: And that was in Tokyo?

GC: That was in Tokyo.

NG: And that was with the Australians and Japanese? So that's what brought them into the picture.

GC: That's right. That's how...that, I think, was after the ITU conference. Yeah it was, okay, I remember, I remember, it was late, it was in February or March of '64 that we did that. The reason that I remember now is I remember the....yes, I remember there was snow on the ground, maybe it was even April. There was snow on the ground, no, it was before [Inaudible] no, it must have been March. There was snow on the ground when I went to Dulles to go to Tokyo. I remember driving to Dulles to

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<sup>44/</sup> change to: we had separate talks with the Japanese

go to Tokyo.<sup>45/</sup>

NBG: You always remember those things. Let me ask you one other question which is that this....When the legislation was introduced, the State Department had not had any initial discussions with either Europeans or any foreign nation based on this although the whole idea of the legislation was that it be built on this idea of international cooperation. At that point, we didn't have two to tango. How could we have been so sure that they would be willing to go along with this?

GC: Well, there was, at that point, a feeling also that we can just go ahead and do the damn thing and then let other people use it. The idea being that they would not resist....they would not boycott a facility that was made available to them. That was one school of thought inside the United States, [the U.S. would say,] "Let's just go ahead and build it, it's ours. Then we'll let other people use it if they want to."

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<sup>45/</sup> delete: The reason that I remember now is I remember the....yes, I remember there was snow on the ground, maybe it was even April. There was snow on the ground, no, it was before [Inaudible] no, it must have been March. There was snow on the ground when I went to Dulles to go to Tokyo. I remember driving to Dulles to go to Tokyo.

NBG: So either way, they were going to participate whether they were actually involved in the decision-making or whether they just used it.

GC: Yes. Sort of passive users or active participants.

NBG: Okay. I just wanted to clarify that. Now this Rome Conference, what was brought in by that?

GC: Gosh, this sequence escapes me somewhat here. In the Winter, after we got back from the ITU Conference, we began thinking pretty hard about the shape of an agreement--of an international agreement--and various people did various drafts. I worked on drafts, I worked with Chayes' office, Lee Marks was very much involved in that. Lee was sort of Abe's....he's someone you ought to interview, incidentally, because Lee was very much involved in this.<sup>46/</sup> He was a young lawyer on Chayes' staff who worked very closely on all of this stuff, and he's now a partner with Ginsburg and Feldman here in town.

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<sup>46/</sup> change to: Lee was one of Abe's special appointments. He's someone you ought to interview, incidentally, because Lee was very much involved in this.

NBG: All right.

GC: It pointed to, I think, it was February '64. It pointed to....or was it June? No, it had to be February. By this time, the CEPT group had gotten itself a capping organization called the CETS, which is European Telecommunications Satellite Conference, and that was the political-level authorities of the CEPT PTT's--in other words the CEPT was a PTT organization.<sup>47/</sup>

NBG: And so, these were the foreign ministers?

GC: These were the foreign ministry types. And so, they'd sort of put themselves in a sense on top of the CEPT, right?

NG: Okay.

GC: And they had definitely agreed they would negotiate as a block. All of this was during a period when we weren't "negotiating;" we were having exploratory discussions. We were playing that game--that verbal game--very hard. In fact, they were negotiations, of course there were negotiations. Because

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<sup>47/</sup> add: and CETS was the political counterpart

if you're discussing things and you're sort of rejecting certain things and saying, "Well, we'll think about that," those are negotiations by any other name but smell is sweet. The first time we had anything that I think was said to be negotiations was in June of '64; about three months before the damned agreements were signed. They were signed on the 20th of August, 1964. Well, you know a hell of a lot had gone on before that June meeting.

NBG: How did you get here from there?

GC: That's right. Somewhere along in that Winter, and gee, I wish I could remember this better, I don't know, a couple of things happened that were very important in my judgment in terms of the success of arriving at an early agreement in August '64, there were two of them: One was the negotiation of two agreements in tandem, the agreement and the operating agreement.<sup>48/</sup> Because that reflected the psychological needs of both sets of players in the game; the political level people and the operational people. If we had only been talking about

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<sup>48/</sup> change to: One was the decision to negotiate two agreements in tandem, the Agreement and the Operating Agreement.

one agreement, the back and forth and the clashing between the political levels and the operators (the telecommunicators, the PTT's and foreign ministries, or the State Department and COMSAT, you know you can put it any way you want, or COMSAT and the carriers) would have been, I think, much worse than it was and perhaps would have led to major explosions with repercussions on the Hill, which never happened. There was a state of dynamic tension between COMSAT and the State Department during this period, and I'm not playing when I use that phrase.

NBG: Sure.

GC: There was tension, but it was dynamic and we were working things out.

NBG: But it wasn't negative?

GC: There were....no it wasn't negative, it did not turn out to be negative. There was always the threat that it was going to blow up, but it never did, it never really did blow up. It was fascinating, absolutely fascinating. One of the things that contributed to its not blowing up, and one of the things

that contributed, I think, to the fact that we got those early agreements signed was to say, "All right, let's have a basic ground rules agreement. That is the basic political rules of the game." I'm defining political very broadly. "And then let's have an operating agreement between the telecommunications entities with more detailed principles reflecting the operational and financial meat on the skeleton of the broad principles that was in the first agreement." And I think that was an extremely important insight, if you want.<sup>49/</sup> I don't know where it came from, but it evolved and I think it was very important.

NBG: It seems as if it was functional, I mean in the sense that really, what it did it separated the governments out from the commercial entities.

GC: That's correct. Of course, noting the paradox that in the case of almost everyone except the United States, it was two governmental levels for everybody else. The PTT level and the foreign ministry level. That doesn't mean that psychologically

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<sup>49/</sup> change to: And I think that decision to have two interrelated but separate agreements was an extremely important insight, if you want.

the PTT's weren't like COMSAT.

NGB: Exactly.

GC: They were. And that was one of the fascinating things in this whole business. There were a community of interests there and there was in a sense a community of interests in a professional broad community of interests between the State Department and the foreign ministries.<sup>50/</sup> It was really kind of interesting. I think the biggest contribution it made was one of psychological relief that there was something for everybody to sign. There was going to be something for COMSAT to sign.

NBG: Right. And then something for the State Department to sign.

GC: And something for the State Department to sign.

NBG: So everybody came out with sort of a door prize.

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<sup>50/</sup> change to: There were a community of interests there and also there was in a sense a broad community of interests between the State Department and the foreign ministries.

GC: That's right. Exactly. That's exactly right. And I played a very important role in that. The other thing which I paid an equally important role was....this came out of, I think, basically US consideration and not exclusively the State Department (The State Department/COMSAT everybody) was our, in effect, proposal that we called these "interim arrangements;" that we not say, "This is it."<sup>51/</sup> Again, that played to the concerns of the Europeans and the others that they were so far behind, that they would be disadvantaged, that they would not want to arrive at an agreement now that bound them forever because their industry, of course, wanted to play catch-up. They were beginning to think of European space projects to produce a launcher, there was this whole procurement content<sup>52/</sup> to it. But, by calling them, "interim arrangements," they said, "Well, if it works, we've got something we can do and we'll get another crack at it. And then when we get another crack at it, we'll be farther along

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<sup>51/</sup> change to: The other thing which paid an equally important role was....this came out of, I think, basically U.S. consideration and not exclusively the State Department (the State Department/COMSAT everybody) was our proposal that we call these agreements "interim arrangements;" that we not say, "This is it once and for all."

<sup>52/</sup> change: "content" to "aspect"

the pike and so we can have it look more like the way we would perhaps want to have it look."

NBG: Let me reduce this to something that may be too simplistic: which is that possibly the reasons that those initial agreements were interim was because of the fear of the foreign, and specifically the European, entities over their own space technology systems, or were there other issues really involved?

GC: No, I think it was fear of perpetual domination by US technology.

NBG: Which, would have then, however, have affected their own space program.

GC: Yes, I think the industrial interests (defining that broadly) their concern about their industrial development and their high-tech development was one of the reasons why they were very....this interim thing appealed to them very much. I also think that they were concerned that....I know they were

concerned that<sup>53/</sup> they not adopt a solution in 1964 that perpetuated COMSAT's role as "Really number one;" that perpetuated it into an indeterminate future. There was no question about that.

NBG: Why was the United States, for our part, willing to give that up?

GC: To get agreement, I think is the simple answer. Because of this urgency to get agreement. We were really under a lot of pressure. COMSAT was under the same pressure.

NBG: Let me raise another issue, I don't know if this is relevant.

GC: That's only a partial answer.

NBG: Okay. Go ahead.

GC: ....to get an agreement....and also I think COMSAT felt

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53/ delete: I know they were concerned that...

that it could demonstrate its<sup>54/</sup>....that if it did a really good job in this sort of preponderant position that it would probably have at the beginning, that that probably was a good way--the best way--of assuring that it would continue to play a major role.

NBG: So if you prove yourself, then....

GC: Yes, if you prove yourself, that's right....I think that was part of the plan.

NBG: One of the things that came out in Ambassador McGhee's statement in front of Kerr was this whole issue of....he talks about wanting to make this an international consortium, and one of the reasons that he states is because he talks about a sharing of the burden as well as obviously the benefits that come out of such a system. Do you also think that maybe one of the reasons that we went down this interim track [was] because we really were slightly skeptical about whether or not this commercial venture was really going to fly?

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54/ add: abilities

GC: Oh, I'm sure that must have played a role in it. Not so much because it was commercial but because the technology was new. It was new. It was new.

NBG: So really what this was that this was a way of meting out some of the liabilities that could have occurred?

GC: Well, in a sense. On the other hand, you have to keep in mind that by that point COMSAT, by Winter and Spring, was well launched towards an FCC registration and a stock issue of \$200 million bucks, which was designed to produce enough money to build the whole system all by itself.

NBG: Right. But that's not to say, though, however, that you would necessarily want to use that if you could, in fact, get other people to help you.

GC: Not necessarily. That was as much of a negotiating ploy as it was anything else, in my judgment. In other words to be able to say....

NG: You mean the capitalization?

GC: ...."I don't have to have your money UK, 'cause I've got \$200 million." Of course, as it turned out, COMSAT was cash rich for years. They just put their money in the bank and drew interest on it, as you know. But that was part of the negotiating posture as well. And the market was such, obviously, because of the glamour of space....well you know the stock issue was oversubscribed three or four times.

NBG: Absolutely, the biggest subscription of all time. So here we are in Rome....

GC: Well, here we are in Rome and that was kind of a first with the Europeans having a single spokesman, Ambassador Ortona, who had been elected to be their negotiator, who was then Under-Secretary of State for Economic Affairs in the Italian Foreign Ministry, later became Ambassador to the United States....very, very smart fellow, did an awfully good job for the Europeans....very difficult job because there were lots of different positions within the European group and yet they were committed to negotiating as a block. So, Ortona had a lot of problems to deal with inside his....<sup>55/</sup>

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55/ add: group.

NBG: Was that a liability for them? If they'd negotiated independently, would they have come out as well?

GC: No I don't think it was a liability for them. I think that were were quite wise to stick to the group. The European traffic and the other end of the US traffic was an absolutely vital ingredient to economic viability for the international system. It was absolutely vital. It wasn't just a desirable add-on. If there had not been broad scale agreement with the Europeans, there would have been no economic viability to the system at all.

NBG: Okay.

GC: So, okay anyway, things began to pick up very rapidly after Rome. We set up drafting groups and we had trotted back and forth to London and we apparently were having technical drafting, and we, at that point, had the two level agreements, and I headed delegations and Johnny Johnson came along.<sup>56/</sup>

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<sup>56/</sup> change to: We set up drafting groups and we trotted back and forth to London and we apparently were having technical drafting, and we, at that point, had the two tiered agreements.

We just did a whole lot of back and forth there during the period between Rome....we actually thought we might have a conference, a signature, a final conference by the end of June. It slipped until August. And I've always....I don't know, I guess several things could be said about that. I think we came out with really pretty good agreements and repeating what I said earlier: I think that the fact that there were interim agreements, and that there were two level agreements were critical to achieving signature, to achieving agreement.<sup>57/</sup>

I think that (this is pure speculation) but one of the things which the Europeans wanted was some kind of a....in effect, some kind of an "intergovernmental shareholders meeting."<sup>58/</sup> I'm using that between quotes. I don't mean in a technical sense. A kind of a place where everybody could blow-off steam and raise any questions they wanted and so on and so forth on a one country, one voice basis. COMSAT was very much against that; Welch in particular--maybe because he had too much trouble from Wilma Soss [a stockholder] and people like that at his shareholders meeting--I don't know, but Welch was very much

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57/ add: as soon as we did

58/ delete: I think that (this is pure speculation but....

against that, very, very much against it, and they would never agree to it. I thought at the time and occasionally have thought in retrospect that if the interim arrangements had provided for that kind of once a year sort of thing--comparable to what we have now in the Assembly of Parties--that that would have taken a lot of the pressure off the renegotiations.

NBG: The permanent arrangements.

GC: The permanent arrangements. And I still think that's true.

NBG: So you're saying that this would not have been a decision-making body but basically just a....

GC: Blow-off steam.

NBG: A meeting of the minds?

GC: Yes, as a recognized organ, if you will, of the consortium. It would be foolish of me to say that that would have made that much difference. I can't say that, but I did

feel at the time and continue to feel because there was so much concentration on that aspect of things during the difficult negotiations of the definitive agreements, that had there been some trace of that under the interim arrangement, I think it would have taken some of the pressure off.

NBG: Sort of a steam release.

GC: Exactly. An escape valve.

NBG: This leads into a question that's been going through my mind. Here we have the State Department doing their thing, and here we have John Johnson doing his thing basically, as a representative of Leo Welch and Joe Charyk and representing his own views obviously, of course. There had always been this feeling that the State Department actually could sort of control these negotiations, they [COMSAT] would be supervised by the State Department, they [COMSAT] would work towards the foreign policy interests of the United States. But here you have John Johnson, who is not an elected representative, he is not beholden to any of the grassroots people in the United States, he is not beholden to....he is not an Administration

appointed official--so he's not beholdant to the Administration's point of view. He is beholden to his stock-holders and his company. You say, for example, in this instance that he would never have agreed to this kind of escape valve.

GC: Well, John Johnson may have, Welch wouldn't.

NBG: Okay, but then he's [Johnson] representing him [Welch] as part of his network. Did that arrangement, that working together arrangement work all the time, if not, why not?

GC: Well, it did work.

NBG: Why did it work?

GC: Because there were intelligent people and people of good-will on both sides is why it worked, basically. Over time, Welch was able to see that we weren't trying to grunch the COMSAT Corporation....

NBG: You mean the State Department by, "we?"

GC: Yes, the government, and we were able to see that they were concerned about the foreign policy; there was an adjustment process. There was also a course of dealing that we evolved and articulated which worked very well, Chayes and I worked this out.<sup>59/</sup>

NBG: What was that, what did that look like?

GC: What it looked like was this: we had mixed delegations and when the subject matter was primarily concerned with the, I would call it, the political level agreement, Chayes and myself or whoever the senior government representative was, was the spokesman. When it was primarily on the operating agreement, John Johnson or whoever it was, was the spokesman for the delegation; but it was a joint delegation.

NBG: Oh, now see that was something that I was not aware of.

GC: That's how we did it.

NBG: So it was really sort of a two-tiered delegation.

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<sup>59/</sup> change to: Chayes, Johnson, and I worked this out.

GC: Oh, absolutely, that again reflects the the two-tiers of the agreements, you see.

NBG: Interesting.

GC: So we translated that into practice along the lines I just indicated.

NBG: Were there turf fights?

GC: Within the delegation, there were never any turf fights. We got along fine, we all respected each other, we were all intelligent people working to a common end and we had a very good set of working relationships. Welch occasionally presented some problems. He continued to be nervous about the arrangement, I will tell you one incident just to illustrate it.

NBG: Sure, please.

GC: But before I tell you the incident, I consider it only to

be an incident and in fact, it worked very well.<sup>60/</sup> It worked well because it was logical and because there were good people involved. I mean there weren't people sitting around pounding the table over jurisdictional things because, in fact, what would Abe Chayes and Gil Carter have to say about what the principles of utilization charge ought to be? We didn't know anything about that, right?

NBG: Right.

GC: By the same token, we did have some real sense of the political content of what were the general words about procurement--ability to procure or to compete. Well, we hung onto a principle which was obviously in COMSAT's interest and in our interest. The principle was that everyone could compete for procurement but the principle of selection was: the best product at the best price, Okay?

NBG: Right.

GC: So we didn't have any conflict with COMSAT on that. That

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<sup>60/</sup> change "it" to "the process"

was obviously in the national interest....

NBG: The only way to go sounds like.

GC: ....to do it that way, you know. Well, the incident and it was the last one. Welch from time to time, muttered, banged a little bit, made a few phone calls and so on and so forth. It must have been in June. By that point we had set up sort of working drafting groups and Colino and I were on one and John Johnson was on one and there were about six or seven of us that were going to go over to London for a session with the Europeans. We had at that point parallel....we had their versions of the agreements and our versions of the agreements with brackets around them--where they differed--we put the merged thing together so you could see the differences. We went to see what we could do to clean it up, and it was supposed to be a "drafting session." Well, all drafting sessions are negotiating sessions, because if you could agree on something it was technical and if you can't agree on it then, "Oh, we can't negotiate;" it was one of those kind of deals. A couple of days before we were going to go, I can't remember, but very shortly before we were going to go, Welch

called up Abe Chayes....no, he called up Nick Katzenbach, Nick Katzenbach at that point was Attorney General or Deputy Attorney General or whatever....

NBG: Deputy.

GC: ....and he was Chairman of the Interagency sort of policy coordinating group at that point and he was the White House's man at that point, had kind of taken, in a sense, Ed Welsh's place in a way, and I believe that the call went to either Katzenbach or Chayes and Welch said, "You know, we're just not going to send anybody over to London....we're not going to send Johnny Johnson over to that London drafting conference if he's not head of the delegation." And Abe said, "Oh well, we'll think about that...."

NBG: You mean Nick Katzenbach.

GC: Well, whoever. I honestly can't remember whether it was Katzenbach or Chayes. In any case, whoever it was immediately hung up the phone and called the other guy; and called me, okay, and we all got together. Welch had said, "We're just not

going to do it. This is it, Johnson's got to be head of that delegation." And it was really an assertion....it was a jurisdictional turf assertion in very kind of bald political terms. Basically, he was saying, "No damn it. It's my corporation, and I want [to say] who's going to be head of the delegation." We said on the other hand, "This is an international agreement we're negotiating, and the State Department negotiates international agreements; the COMSAT Corporation doesn't." But the way we handled it was really pretty interesting. This was at a time when Allen Throop, who was then General Counsel, had prepared the registration statement for the stock issue and it was being reviewed by among other things, the State Department. You know, the risk factors and all that stuff that go into an SEC registration, and there was a section on international agreements, and it said in the draft<sup>61/</sup> that, "The Communications Satellite Corporation and the State Department have had exploratory discussions, which haven't resulted in any final negotiations, with countries in Europe with Japan, and so on and so forth, being involved in this, there is no guarantee that any arrangements would be reached, but these discussions were

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<sup>61/</sup> add: something to that effect

preceeding...." and you know, sort of blah, blah, blah. So, what Katzenbach and Chayes and I did, we sat down in Chayes office and we drafted our comments to the SEC on the registration statement. And I can paraphrase what they were, that's all I can do. And they said, "Conversations have been held, but at this point the Communications Satellite Corporation is refusing to continue those discussions with the Europeans and, of course, the State Department without the Communications Satellite Corporation cannot act on its own, because this necessarily involves them, and these are the people whose agreement is required if there is going to be economic viability for the system, and so at this point the State Department has to say that there is no prospect at all of any international agreement for the creation of an operational system." And we drafted it pretty much along those lines and we called up Welch and read it to him on the phone and we said,<sup>62/</sup> "Well, we just wanted to read to you the comment we're sending the SEC." We read it to him and he paused about 10 beats and he said, "All right, God damn it, you win.

NBG: You forced his hand.

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<sup>62/</sup> change: "and we said" to "saying"

GC: Yes. And that was the end. That was the last time he did that. That really was the end of that. That's good, I don't mean because we won. But the point is that, he'd been coming along anyway, and we really were working very well together as a team, and it did work very well together.

NBG: And Johnson, would you say, felt that same way?

GC: Absolutely, and I'm sure Johnson told Leo [Welch] that. Johnson and I had no problem. So Johnny and I and Rich Colino and whoever else went over to London, we went over to London and we did what we did; and when we were talking about things that I was particularly interested in, I talked, and when we were talking about things that the COMSAT Corporation was particularly interested in, Johnny talked.

NBG: So it was very much of an open forum.

GC: Oh yes, absolutely.

NBG: I guess that it'd been my impression that, for example, the State Department would formally submit talking points to

Johnson and then he would....

GC: Oh, no, we had delegation meetings we worked as an integrated delegation, and we simply....

NBG: Oh, I see.

GC: It was like a shifting game. I mean, depending upon what we were talking about, the COMSAT's spokesman came up front or the government spokesman came up front. We worked a very practical course of dealing which was very successful, and it worked very, very well.

NBG: Did that confuse the Europeans at all?

GC: Probably.

NBG: I mean, did they really know who was in charge?

GC: Sure, they did. Yes, they did know who was in charge. And the point is, Johnson was in charge when we were talking about the operational agreement. We might have had comments to

make and we didn't shut up necessarily; because we were working together as a team. But it really did work and I don't really think I'm gilding the lily in retrospect. It was an extremely effective joint operation with a shifting spokesman depending on the subject matter. And that kept right on ....

NBG: ....through the final signing of the interim arrangements.

GC: Right. And that's when I disappeared shortly after that.

NBG: And, but now you're back with INTELSAT.

GC: Yes. Well, that was back in 1964. At that point I thought I'd probably go back to law practice. I didn't. I was invited to return to AID which I did for six years working in the area of U.S. government support programs to private investment in developing countries. What turned out to be....my last three years, my boss Herb Salzman and I (I ended up Deputy Assistant Administrator for Private Resources in AID) and he and I<sup>63/</sup> cooked up the Overseas Private Investment Corporation and spent three years doing that. When we got that

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63/ delete: and he and I

through, I then left the government and then went back to private law practice. Many years later, I decided the time would come to....I was getting tired of doing what I was doing, it was time to go back to cyclical return to the beginning.<sup>64/</sup> So, I've just been back here [INTELSAT] since the first of October as just kind of a trouble-shooter.

NBG: I see. Interesting. I didn't know whether your affiliation had continued....

GC: No, not at all, I was completely out of the business until last summer.

NBG: So your tenure with COMSAT and INTELSAT then ends right at the signing of interim agreements. So far as knowing really what the structure and how it developed....

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<sup>64/</sup> change to: Many years later, I decided the time had come to go back to a cyclical return to the beginning.

GC: I have no inside information; none at all. I was an interested outside observer, that's all.

NBG: Well, let me go over a couple of these questions. You've been answering them as we've been going along, these questions, just beautifully, I mean they really just come together. I am going to have to change this [the tape] again. [Change of tape to tape II] It's interesting to reminisce.

GC: One of the things that I haven't....I already mentioned his name a couple of times, In my mind at least, it's significant that the reason I'm back here now, that I'm back here now is because of Rich [Colino]. Because he and I worked together very closely during the period we've been talking about and got along both personally and intellectually extremely well. We had very much the same ideas, he was extremely helpful to me. The FCC was rather more carrier-oriented than you might imagine then, and Rich was very open--not only very open to, but contributed a great deal really--to the thinking that went into our positions and so on and so forth; kind of an openness and forthcomingness and let's have foreign participation and let's really make it an international system that really works. And I put equal emphasis on both. He was a very important player really at this whole time; even though he was a very junior lawyer in the

FCC at that time.

NBG: But it's often the staff people who are really guiding the ship in many instances.

GC: Oh sure, absolutely. And he had the confidence of Bernie Strassburg who was head of the Common Carrier Bureau, and Bernie was very helpful too. He was less actively involved, but Bernie was persuaded that Rich and I more or less knew what we were talking about and so we didn't have a lot of problems from him.

I think in a sense perhaps the most....oh, this sounds more pejorative than I want it to be, but the most sort of nationalist orientation towards what it all looked like probably came out of NASA with Arnold Frutkin and Leonard Jaffe. I think they had a certain tendency I think to--perhaps overly automatic--to sort of think that the State Department was being rather softheaded rather than hardheaded. I think, myself, I was, at the time, (at the time I mean specifically when we signed the interim arrangements) I felt some real sense of satisfaction that we pulled off something which I think was

extremely difficult to do, given the kitchen sink nature of the Communications Satellite Act of 1962.<sup>65/</sup> By kitchen sink I mean there was something in it for everybody, and there were really, at least a couple of levels, quite conflicting objectives set forth in....<sup>66/</sup>they could have been seen as being conflicting, let me put it that way.

NBG: From your perspective, what were some of those conflicts?

GC: Well a private corporation which had to make money, was to be the lead in something which was going to demonstrate the peaceful uses of outer space to all of mankind--to produce the single global communications satellite system to be used by, etc., etc.

NBG: To name one.

GC: To name one, perhaps the biggest. That wasn't all that

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<sup>65/</sup> change to: At the time, when we signed the interim arrangements, I felt some real sense of satisfaction that we pulled off something which I think was extremely difficult to do, given the kitchen sink nature of the Communications Satellite Act of 1962.

<sup>66/</sup> add: the Act

obvious how it was going to be done. The proof of the pudding is the organization, which, I think, has had a tremendous success, has been a tremendous policy success for the United States. Indeed, I consider it to be....it is only the "prudent counselor" who keeps me from saying, "The only truly successful North/South initiative that the United States has had for many, many, many years--if ever." This gives me a particularly bad case of heartburn in the face of the current dispute about separate systems which I think is a grave mistake for precisely the reasons that I think the earlier policy was a correct one.

NBG: You mean that the international cooperation provided some kind of framework....

GC: Yes, and the cooperative nature of the financing arrangements, the fact that on an international scale it was, and is, a common-user organization where economies of scale and advances in technology are reflected in lower rates to everybody. That there is 110 countries now who belong to it and another 60 who use it--that's practically a universal organization and I think that policy departures which at least encourage the development of separate commercial systems which

will focus only in the high traffic areas and inevitably take away traffic from INTELSAT, which will inevitably drive up its costs, which will inevitably lead to higher utilization charges by everyone (including developing countries) is a grave mistake.

NBG: So you think that this new idea of competition and deregulation and all that sort of strikes at the heart of the....

GC: Of the original conception.

NBG: Of the original conception.

GC: Absolutely, and I think it's a grave mistake. It's not so much that I think all these US separate systems are going to get up there and get financed, I don't. Because I don't think there is a market for most of them. But it does--the U.S. policy determination and the presidential policy determination--let everyone off the hook of commitment to the single global system. It's sort of like letting the genie out

of the bottle and there is no way<sup>67/</sup> of getting him back in. There is no longer any control by the United States over the process of development of proliferating systems pushed by the industrial interests of industrialized countries. Perhaps, as is frequently the case--look at the European space projects--subsidized by their governments and I think they're the ones that eventually are going to turn out to be the divisive [ones]. But it's the U.S. that started the process by its policy determination and I think it's a grave mistake. That's really as good an explanation as any as to why I'm back working here.

NBG: To see if there aren't some sort of common grounds?

GC: Well, to see if in fact there are ways that INTELSAT can adjust to that very rapidly changing environment without losing its successes and without hampering its continued success to meet more and more the telecommunications needs of the whole world on a basis which makes sense and that people can afford.

NBG: Did you have any sort of personal reservations

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67/ change: "and there is no way" to "without any way"

about....you say that this inherent sort of dichotomy of this private company that was going to do this work for mankind, did you have some personal reservations about that?

GC: No, I just saw it as a difficult thing to achieve.

NBG: But an achievable one, nonetheless?

GC: Well, one that required an awful lot of good efforts by a lot of good people. No, I saw it as a tremendous challenge, and I think it was a challenge which many people involved met very successfully at the time. I don't think it was foreordained as a success.

NBG: But you think it is one?

GC: Oh, I do, indeed.

NBG: Let me ask you a few questions about what the Third World may have brought to this thing. First off, is that you had the Europeans signatories and they made up the first block of people who came into this thing. Asia, Africa and Latin

America come in just after that. One of my questions is, there was initially no real way for them to develop a ground station capability immediately. They didn't have the resources, they didn't have the technology unless we basically led them by the hand and whatnot, there still seemed to be quite a bit of pressure to sign them on in the early days. Do you think that that was more a political move to make the system seem truly international or was there something else that was going on that gave one hope that they would be able to develop a capability sooner?

GC: Oh, I think the answer is probably a little bit of both. I know Johnny Johnson who<sup>68/</sup> was very much involved in a lot of talks in developing countries early on. Johnny had a definite vision of a universal organization as being a good in itself; a symbolic political plus value. COMSAT, in the early days, experimented with I don't know all this much--I know very little about this--but I know for instance in the case of Panama and a couple of other Central American countries

NG: Nicaragua.

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68/ delete: who

GC: ....they experimented with financing ground stations and so on and so forth, which was fine. I think that was very good. At the time of the original negotiations of the interim arrangements, we had (by we I really mean the whole delegation, including the COMSAT representatives, Johnny, and Joe Charyk of course, but Johnny was really there along right from the beginning) we had a distinct sense of mission in imposing on the Europeans an agreement that was sufficiently open-ended that it was designed to appeal to the developing countries. This was an explicit objective that we had--which is a partial response to your question. I don't want to cast the Europeans as the heavy, heavy, heavies here, but there was far less interest on the part of the European PTT's and maybe some less interest on the part of the foreign ministries than there was on the part of the State Department in insuring that we didn't negotiate something that was going to be perpetuated through time as a club of the industrialized countries. We were very conscious of negotiating on behalf of people who weren't at the table.

NBG: Interesting.

GC: Very conscious.

NBG: But you're saying the State Department, not necessarily the foreign PTT's.

GC: Not necessarily the foreign PTT's, and this was not necessarily all that easy going with the Europeans. There was some difference of orientation there between the United States--I say the United States not just the State Department--between the United States, including COMSAT, and the Europeans. Again, although I left the field really immediately after the signature of the interim arrangements, when I began to breath easier was in the following six or eight months when the developing countries began to sign-up because I had my fingers crossed whether that was going to work or not. It was at least possible that the Soviet Union would have come along at that point with a big effort--subsidized effort--such as Intersputnik is subsidized now. They only have about 14 countries that belong to it, it's not that big a deal but it was at that time this was certainly a possibility that the Soviets would come along with a serious--at least in the political sense--a seriously competitive system. They never

did. One of the reasons they didn't was that people began to say, "Well hey, maybe there is a place for me in this," the developing countries, "in the interim telecommunications satellite consortium." That was a source of tremendous satisfaction to me and I know it was to John Johnson as well.

NBG: Do you think that's because of....I mean it was essentially Kennedy, or well the White House, that developed that idea of a global system. We had committed ourselves very early on to that concept. The Europeans had not necessarily bought off on that idea.

GC: No, that's exactly right.

NBG: So would that be an accurate summary of that conflict?

GC: Oh yes, absolutely. I think they would have been quite happy to have had it a North Atlantic Club for as long as possible and I suspect at least, again, who knows, but I suspect that that would have been the case had the decision been for a random orbit satellite system. I think that we would have had two major traffic routes. For many years it would have been only the North Atlantic, then I think we would

have had one to Japan and the Far East, and I think that would have been about it. And I think that the, however, hundreds<sup>69/</sup> of many interconnecting pathways are now possible through the INTELSAT system (I don't know if it's 900 or whatever it is) would have not probably taken place for a long, long time.

NBG: Some people have said though that in including the Third World into this--some of this occurs after you've already left--that the U.S. essentially gave away its technology. Then later on when we get to the stage of developing the permanent arrangements, that the Third World, in essence, runs roughshod over the United States; that they take this technology and benefit from it and prosper from it and then basically sort of leave the United States in the dust. Do you think we gave something away in the beginning?

GC: What's left in the dust? I don't know what "being left in the dust" means. I don't quite know what that really....

NBG: I think there is some indication there that the permanent

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<sup>69/</sup> change: "hundreds" to "many hundreds"

arrangements weren't necessarily all in the United States' interests.

GC: They weren't necessarily all in the United States' interests. If you are going to have--they were negotiated not without difficulty, as you know--and like everything else, a compromise was reached, right? And the compromise, was seen to be successful by the United States or it wouldn't have been reached--was seen to be acceptable by the United States or it wouldn't have been reached.<sup>70/</sup> Again, I don't know what "giving away the technology means." Certainly the United States companies have enjoyed the bulk of the procurement contracts that INTELSAT has let over the years; something like \$4.2 out of \$4.6 billion dollars has gone to U.S. firms. So, I don't know that that's giving anything away.

NBG: Although if we had developed this whole system based on a user mode, where we put it up and then everybody else puts into it, gets out of it what they pay for essentially....

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<sup>70/</sup> delete: ....was seen to be acceptable by the United States or it wouldn't have been reached.

GC: That's what happens today. They get out of it what they pay for. Remember countries are all investors, and they invest in....I think another genial insight here in the beginning was that the major users should be the major investors, and so you make a linkage between your percentage of use of the system and your investment share--which makes good sense. If you only count gross numbers you can say if the United States only had 61 or 65% ownership at the beginning and has 21, or 22, or 23 now, does that mean we've been left in the dust? No, it means other people are using the system more, that's what that means.

NBG: And then you would say that's part of its success?

GC: Yes, it doesn't mean that we are using it less. No, I'd say its part of its success because I don't think that the major endeavor that was undertaken was to maximize the profits for the Communication Satellite Corporation. I think the major endeavor was to see if very significant national policy interests could be served by a private for-profit--through the instrumentality--of a private for-profit-corporation and certainly COMSAT has prospered. So, I would say that, yes, it's been demonstrated that it can be. On the other hand, the

Act did not say that the basic purpose of this Act is for the shareholders of COMSAT to make as much money as they possibly can; and perhaps they haven't. That's really in a sense what I meant earlier by characterizing the Act as "kitchen sink legislation," there was something in it for everybody and we were given the job of structuring a series of international agreements and arrangements that would permit all of those diverse objectives to be obtained. I think to a remarkable extent they have been.

NBG: I don't have any more formal questions that maybe we haven't already gone over. What I did want to just allow you some time if there is something you feel that we haven't covered, something that comes to your mind in terms of something more thematical whatever and less chronological, as this interview tended to be somewhat chronological....something else that comes to your mind as being important.

GC: Oh, just when you said that, what flashed into my mind was this: you know, I've been in the international commercial trade and investment field in one way or another for a long time--as a lawyer, as AID negotiator, etc.--and one of the

themes that one runs across all the time is whether the United States making....can it effectively combine public and private sector<sup>71/</sup> to achieve national objectives in international commerce, trade and technology area? It has become something of a cliché to talk about "Japan, Inc." which is the phrase designed to illustrate the fact that the Japanese government and Japanese industry work very closely together; certainly there are much closer relationships between industry in France and the government than there are in the United States. It isn't so much the regulatory thing. I'm not so much a theoretician of this relationship at all. My reflection is, however, that in this particular area we've been talking about, created not out of a desire in the abstract to put together an example of public-private cooperation, in reality this was very effective cooperation which led to the creation and the success of INTELSAT, and I think should be noted as such. In fact, it is one of the most startling examples I think that one could find anywhere around the world. There is no question but what the policy interactions in the United States, which led to the proposing of the Act and the creation of COMSAT and the relationship between the government and COMSAT, have produced

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<sup>71/</sup> add: actions and policies

something which the world at large has benefited from. And it is an extraordinarily interesting--I won't say unique because that's a big word--example of public-private sector joint efforts in the United States which in fact have benefited pretty much the whole world and I think is a remarkable success. I can only regret that the success of INTELSAT has been so little known to the world at large and to public opinion at large, because it is a remarkable organization. I suppose that's....

NBG: Although not without strife, there have been....

GC: Sure, if you think of it as a 110 countries--at the moment--doing something together which produces a 16 satellite system and rates for utilization 5% of what they were in 1965, and its economically sound and viable, you would be hardput to find any other international organization with any record even remotely approaching that of INTELSAT. An international organization which isn't a word factory, which isn't a forum for political dispute, which does something and it does it effectively and has been doing it effectively for 20 years. Oh, I think it is a remarkable success story.

NBG: Do you think that it is because it is by definition a commercial venture that there is something to be gained by each country, not just, as you say, in words and statements but that there is something to be actually gotten from the system in an economic sense that makes it different?

GC: Well sure, because I'm of the school--I guess not everybody is--but I'm of the school, I think<sup>72/</sup> telecommunications development generally is an engine of overall development and I think I'd say a vital part of the infrastructure of successful adaptation of traditional societies to a modern industrialized world. I think INTELSAT has made and continues to make and can even make a greater contribution to that in the future. I don't choose to call it commercial, except in the sense that a....for instance, oh, what's one of the big agricultural coops, AGWAY. AGWAY is commercial, but INTELSAT is a cooperative. Its profits are reflected in lower charges to its users. Sure it's commercial, it's operational, it's functional, it does things, and there can't be really very many other international organizations like it, at least on that scale. I think it's pretty much one

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72/ change: "I think" to "that thinks"

of a kind. I think it's a glorious tribute to the fact that big visions of the future can sometimes be translated into things that really work. I think the<sup>73/</sup> big vision of the future is how we<sup>74/</sup> characterize the Communications Satellite Act of 1962, and something that really works is how I would characterize INTELSAT today. There is obviously a direct linkage between the two.

NBG: Okay.

GC: There you are.

NBG: Thank you.

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73/ change: "the" to "a"

74/ change: "we" to "to"