

COMSAT HISTORY PROJECT

Interview with Richard Colino

Interview conducted by Nina Gilden Seavey

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INTELSAT Headquarters
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Nina Gilden Seavey: I'm going to ask you some fairly rudimentary questions to begin with. We're going to go all the way back to the beginning, because that's the part that I'm really most interested in. Your involvement with INTELSTAT has already been fairly well documented, so what I'm interested in is where you started with COMSAT in the very early days. I know you're at the State Department very early on, and why don't we start there. Why don't we start....

Richard Colino: Let's start just before the Satellite Act.

NS: Alright.

RC: Because I was at the FCC and in the International Division, which had an initial responsibility in the Common Carrier Bureau for satellites before they were satellites and before there was a Satellite Act. I worked on the last stages of the drafting of the Satellite Act.

NS: Who did you work with?

RC: I worked with Bernie Strassburg--who was the Deputy Chief of the Common Carrier Bureau, and very shortly after that, the Chief of the Bureau--in fact, reported to him directly on that, and to the Chairman, who was then Newton Minow; as I say, the last month or two of the Satellite Act.

NS: So were you involved at that time in the negotiations about the Satellite Act?

RC: The final drafting. The final drafting of the Satellite Act.

NS: So were you working with Nick Katzenbach at that time?

RC: Yeah, yep, yep. Actually, he was really not, believe it or not, he was not the guy that had the ball. It switched twice at Justice. Lee Loevinger, who was Assistant Attorney General for Antitrust was at that point carrying the ball. Edward Welch who was the head of the....

NS: Space Committee?

RC:Space Council had primary responsibility with Justice and the Administration. FCC's role was obviously ancillary, because they were an independent regulatory agency. We were

kind of the experts to try to advise people, but at least it had me there at the beginning. Shortly after the Satellite Act was established, the Common Carrier Bureau created an office of Satellite Communications and we were to regulate COMSAT. So that's where I started: with drafting things with Katzenbach and Loevinger, the first draft Articles of Incorporation for COMSAT, the first draft bylaws for COMSAT. Then....

NS: What was the FCC's view at that point? How did they envision this nascent organization?

RC: Well, the view--and not uncommonly in a democracy anyway--the view varied, according to the individual. I think the overall policy attitude of the FCC was that they were sorry that COMSAT was created. They did not want a COMSAT created. They wanted the carriers to be able to get together and have kind of a common-held corporation, and so it was with reluctance that they proceeded to--not only go along they didn't have an option obviously--but to work towards the creation of a COMSAT. Once the law was in place, I think that the attitude of most of the regulators was a really interesting one. Because you look at 1962, and I think it's very fair to say that the FCC's record on regulating AT&T was zero. They hadn't done a damn thing worth talking about. They had all these bright young people in this office of Satellite

Communications hell bent to do things right this time. So the first thing we tended to do was overwrite rules and regulations to COMSAT. And I mean, I'm not saying this because I worked at COMSAT subsequently, because my view of the initial COMSAT management and directors was they probably needed all the help they could get--including rules and regulations. There wasn't any inherent expertise in the telecommunications industry represented on the Board of Directors or Incorporators of COMSAT or in the person of Joe Charyk and Leo Welch. Neither one of them had communications operating experience, running a company. So....

NS: So what you're saying is they had technical expertise, I mean Joe Charyk certainly had some kind of technical expertise being scientist.

RC: Yeah, and Welch had business experience that was very impressive, but neither one of them had anything to bear on a communications company. I mean Charyk's expertise is aerospace: building satellites, reconizance satellites and things that he did at the Air Force and so on. I'm saying this now because, as I look back, it reflected my attitude at COMSAT as an officer many years later. When I was director of Corporate Planning, I sent a questionnaire out asking the other officers: "What kind of company are we? What business are we

in?" And as late as 1975, the answers were unbelievable. You would have thought everybody would have said, "We're a communications company." No way. People thought we were a research and development company, in high-tech and engineering in aerospace and leaders of the way, and you'd say, "What does that do for the shareholders? What's the bottom line from aerospace? What have we built? What have we invented?" Anyway, go back to the beginning, it's ironical to me that some of the FCC people whom I worked with and for for and who, I was critical at the time and I kept saying, "Give them a chance, we're overdoing it." In fact, I think they were right, in retrospect.

NS: So you're saying that the company actually needed that kind of regulation.

RC: Needed because there was expertise [at the FCC] in areas of regulating a company in its financing. They had had rules and regulations dealing with all of the carriers, including AT&T, when they had FCC authority to overview raising of debt, for example. They had experience with debt equity ratios and the problems that some carriers encountered when they went too far, and COMSAT had nil. So, in retrospect, although I think the motivation of some of the young Turks, (which I will have to include myself among at the time) was a little too zealous

because of the absence of regulation of other carriers; so their motivation may not have been pure, their contribution was not so bad. So what we were doing, very early, '62/'63, we were writing regulations on financing. The FCC took the position officially (which I think was wrong) that COMSAT should not go ahead and contract to build Early Bird and should not conclude international arrangements creating INTELSAT until they got their stock out. The reason being that there would not be a duly elected Board of Directors representing shareholders before that; which is kind of ironical because shortly thereafter, the FCC said, "Oh, well, we think you've got a point on Early Bird." Ok, we did all the studies inhouse, and under contract we paid ITT, TRW, Lockheed, I could go right down the list, and everybody came back and said, "Synchronous satellites won't go. It should be medium altitude or, low altitude." And then we finally said, "Well if COMSAT wants to try this Early Bird thing, it sounds like an experiment worth doing." Once the FCC had said that, they could not continue to say, "Don't include international arrangements," because, hey, you're committing money. The international arrangements were a source of revenue: partners coming in and paying their share. So it was intriguing, because we wrote regulations from an antitrust point of view and so on and so forth. That point me into contact with COMSAT when it was Tregaron.. We would go up there all the time.

NS: I have you on sign in sheets coming in almost everyday.

RC: Okay. I mean it was overkill, believe me. I was relatively cautious compared to my FCC brethren.

NS: For example.

RC: The reason being, I wanted to focus on getting the international system and the international partnership put together. I knew that a lot depended on my credibility with COMSAT. if they saw me among the really nutsies with overdoing procurement regulations....we wrote procurement regulations that were bizarre. I mean, you could never buy anything, you had to go out and competitive bid for pencils. That's how far we went in writing the first draft of the procurement regs....

NS: So what you're saying is they really saw it as a government agency which had to be regulated.

RC: Yeah, oh yeah. I mean, really hands-on. The thing that was intriguing, of course, is that the senior people at the FCC--being older, a little wiser, broader view--were willing to step back, but every meeting we had at COMSAT, they got so God damn frustrated.

NS: Why?

RC: Because these people don't know anything. The attitude was, "These people don't know anything." Welch was not around, he was brought in somewhat, a little later. Ok. The initial team consisted of people we had contact with were guys like Syd Metzger, who was seen at the FCC as being probably a brilliant, but highly theoretical, engineer. Lou Meyer, who was considered to be a confrontational kind of manager. I mean, we said "A," he said "Anti-A." We said "B"...no give and take. Ed Istvan, who seemed to be pretty solid, but he was all over the lot. Some of his ideas on how to put together the system were kind of strange. And COMSAT, under Charyk, kept changing their positions. For example, at one point when they said, "Well let us go with Early Bird," and we finally said, "Ok." Then they needed circuits, they said, "How are we going to get circuits?" The FCC and the government strong-armed AT&T for 150 circuits. The commitments from Karlsruhe in 1963, there wasn't a COMSAT in existence when we, the government, really pressured AT&T and the CEPT countries, to try 150 telephone circuits.

NS: Although they only tried 60 ultimately.

RC: Well, they committed in a letter to 150 and they only put 60 up, ok. We kept thinking, "That's the first thing COMSAT should be doing. Put [up] some telephone circuits, you're going in business." Their attitude was kind of a very aerospace oriented in the sense of the fascination with the technology. Well, we understood that, because that was critical. Would it work? The technology was a [inaudible], I'm not down playing it, but it's all we got. We didn't hear the business part of COMSAT or somebody acting as a businessman saying, "Well, that's the first priority--to make sure our synchronous satellite tests out--and we're also working real hard on getting some business from the carriers." We didn't hear that part coming too often.

NS: So here you also have Johnson.

RC: Before Johnson. A lot of things changed with Johnson. It got a lot better. That's not because I worked for him for eight years, but he knew what he wanted to do. In the middle of this, Charyk threw a bomb on the government. At that time, I was not only at the FCC, I was the Executive Secretary for the joint Katzenbach-Weisner Committee that was called the Ad Hoc Committee on Satellite Communications. It was through that committee which involved the Bureau of the Budget (which is the predecessor to OMB), DOD, I mean everybody, that committee

reviewed every meeting with COMSAT. I don't know if COMSAT ever knew that, but people from the government, let's say somebody from State, and somebody from the Office of Telecommunications Management, (DTM, I guess it was in those days, the predecessor of OTP, the predecessor of NTIA) and the White House, General O'Connell would go to meetings at COMSAT with the FCC and they would come back and report to this committee. We would review everything. The debates in that committee were endless.

NS: On what issues?

RC: On every issue, at the end we had to virtually have a vote in the committee as to whether to proceed with the Articles of Incorporation with COMSAT which the Justice Department was responsible for initially, because the Bureau of the Budget said we weren't being tough enough on COMSAT. Katzenbach, rather nastily but very effectively, crushed an Assistant Director of the Bureau of the Budget, and somebody from DOD, and somebody from elsewhere. NASA had, their representation at those meetings was John Johnson. Ok?NS: Ok.

RC: In the middle of a lot of this going on, in early '63, just after Charyk's on board, before Johnson comes on board, Charyk decides that he doesn't want a civilian satellite

system, he wants a hybrid system to service DOD and the international community....

NS: Right.

RC:simultaneously. At that point, within the government, Charyk lost all credibility.

NS: Why is that?

RC: How can you get foreign partners, Western Europe, set up meetings with the Soviet Union, and say, "Now we can't tell you what's going to go on half of the satellite, it's going to be black box." I mean, talk about....that was not a period of detente even, but even in a period of detente how could you realistically pull something like that off? Our view was, these guys at one time say they don't want to do anything internationally until they get a permanent Board of Directors, then they change their mind on that; They say they don't want to spend any money or raise any money--we approved every line of credit, the government had to approve every borrowing--and then they say they want the money for Early Bird. Then they say they don't want Early Bird. I mean, in other words, when you're in a government position and you're trying to give the lead to an organization, you look for consistency and clarity

of purpose; and we went up and down. A lot of that changed when Leo Welch arrived fulltime at COMSAT.

NS: Let me ask you a question, how much of this do you think came from people like Phil Graham, Sam Harris, that kind of lack of direction? I mean are you certain that this came from Charyk himself, or was this sort of a confusion on the Board?

RC: I think it was an interplay with the Board and I think even Leonard Marks and these other people, everybody had their own little agenda. But you know, this is a commercial company. Boards are not supposed to take the leadership. If you expect 15 people to simultaneously get religion, and all see the same purpose, I mean, you're just kidding yourself. That's what management is supposed to do. Charyk was known to come on Board first--Welch had to clear up a lot of affairs left over from his directorships and so on--and Charyk was saying (probably, this is speculation on my part), "I'm here as the chief technology expert, ok, and I've got to wait until this guy [Welch] comes." When Welch came, they started to.... you could see it....set priorities. When Johnson came, which is I guess around the Fall of '63 (my memory may not be that good, I think it's around there) he took on the view that in addition, there were two missions, really three: one was going to happen, which was go sell your stock; the other one was

already underway, Early Bird; and the third one was get the international partnership. From that point on, it was really a lot easier, because we could all agree, government and COMSAT, what our priorities were.

NS: Although Welch was not a big friend of this government regulation of the company.

RC: Welch never understood it. I mean, he's the guy that hired me, but he never understood it. He had never lived in a industry, and he was very difficult to deal with. When Johnson came on board, Welch relied on Johnson for a lot more than international matters. I mean, Johnson may not tell you that, I don't know what he'll tell you; There was no General Counsel at that time. And he would take....

NS: Well, there was Allen Throop.

RC: Well, Allen Throop didn't know anything about regulation either. Allen Throop was hired because he was a securities expert, and that's all he worked on. I mean, in the meetings with Allen, when we talked about procurement regulations, it was awkward as hell because he was a brilliant lawyer....is he still alive?

NS: Yes, but he's very old now.

RC: Last time I saw him was about six years ago, and I was impressed that the mind was still working. [He is a] brilliant guy and a likable human being, but he'd never come in contact with regulations, procurement, or anything else. Johnson, because he'd been the Department of the Air Force, DOD, NASA, government service, was aware of this and had been in that world, and yet he talked the kind of tough nut negotiating kind of language that got Welch's confidence. Welch used to say, "I know Johnny won't give the store away." These one liners used to come out all the time, it was really funny; and this was while I was in the government I used to hear that....[Welch would say] "I don't know about you guys in the government, but Johnny won't give the store away. He's going to watch you." It was really delightful in a sense. So their priorities got better. Yet, as late as March 1964 and....has Johnson really confided in you about what happened at the COMSAT Incorporators meeting in June of 1964?

NS: I haven't talked to him yet, he's out of the country, or has been out of the country.

RC: You've got to interview a guy called W. Gilbert Carter.

NS: I did.

RC: Did he tell you what happened at the June 1964 meeting?

NS: I had an extensive conversation with him. RC: Where Charyk did not want to proceed with the interim agreements?

NS: No, he did not mention that.

RC: Go back if you want to and check it. He was there physically, I was not. He was sitting right outside the room. We couldn't get a quorum of the Incorporators to approve the agreements we had signed. The government sent National Guard planes to bring them into the meeting. We got eight or nine. Welch, who had never been an internationalist either, let alone regulated--Charyk was saying, "Maybe we shouldn't proceed with these agreements." This was after we had them negotiated and initialed, ad interim, subject to cleaning them up, and Welch said....and the reason Charyk was reflecting the varied attitudes on the Board, there were Board members who were saying that [the agreements should not be signed]. Welch did, in my mind, one of the half dozen things he did of value to COMSAT, right or wrong, he knew, because he'd been a Chief Executive Officer, that you never can do things like that. You don't spend six months of international credibility, a

government and a new corporation bringing in foreign partners--Australia, Canada, Japan, the Western Europeans--everybody negotiates in good faith. There were no more quarrels with what we were in agreements with. We didn't like a lot of it, but they disliked a lot more than we disliked on the U.S. side and then say, "Maybe we'd better wait until we get some directors on Board." So at that meeting, I'm told, there are only two people who really know: General O'Connell is dead, and Carter who was sitting in the anteroom at that meeting at the Washington Hotel, I think it was--that's where the COMSAT Board meeting was held, not at Tregaron, at a neutral site--that Welch said, "Joe, either you and I get this Board of Incorporators to endorse these agreements now, or both of us resign." That's how far it went. Needless to say...

NS: Their backs were up against the wall.

RC: The Board said, "Yes, sir, yes sir," and we proceeded to get the agreements negotiated, signed, and into effect on the 20th of August. I left the COMSAT scene, from the government point of view, and went to USIA and worked on other matters. I joined COMSAT in March of '65. At that time, I joined as a personal assistant to John Johnson, he was a COMSAT representative to the interim committee [The ICSC]. My marching orders were terrific, it was a great job. He said,

"You know as much about what has to be done here as I do, you're in charge of making sure that our input as COMSAT, whether it's manager, or whether it's as investor--for the moment we're throwing it hodgepodge together--your job is coordinate and get policy out and get papers in, and develop positions, and act for me, because I'm going to spend a lot of time on the road with George Cristy," (who's up in New York now) and a few other people who were hired: Ed Istvan, who was also a personal assistant to Johnson, and then he became director of international development shortly after that--"to get more members and so on." So I started with the sixth meeting or fifth meeting of the ICSC; I came to work, I had no desk, no office--typical of a start-up up kind of company--and from that point on, my primary focus for a couple of years was how to get INTELSAT, (which wasn't called INTELSAT then) to work. [It was my job to see that] COMSAT's role, with its, at that point 61% vote, and absolute veto on all decisions, manager, to work. So I started off setting-up internal procedures at COMSAT which made me very few friends with Lou Meyer, who is a friend to this day, but at that time, [He would say,] "Who is this guy saying everythings got to come through a coordination process?" We had no procedures, nothing in the corporation on that side. The corporation, in a sense....I've been with start-up since then. When I left COMSAT I joined a company and I started new companies and so on, I've never

experienced what I experienced then, once again.

NS: In what sense?

RC: Namely, that there weren't people on board who understood that instantly you had to do certain things.

NS: Instinctively.

RC: Yes. You had to have personnel policies. I mean they're a pain in the neck to do and, nobody wantsI don't like them either, but you've got to do that, because you've got people coming in. You have to have somebody in charge of offices, because people have to have a place to sit down, and somebody has to be charged with that responsibility for the company and there has to be a system where when somebody is hired over in engineering, that goes into the system and a guy goes out to gets a desk and some chairs; the basics were missing in that place.

NS: To what do you attribute that?

RC: Most of these people came from the government.

NS: Although, I've worked in the government and that's mostly what they're concerned with is administration.

RC: Well, Charyk didn't get concerned with administration. Istvan was an Army colonel and a thinker, Meyer came with Charyk and initially did almost everything: finance, budgeting, personnel, procurements. So he really did everything. But he had been a finance budget type at Air Force. They finally brought people in....

NS: Well, they had Greer, even from the very beginning who moved limosines and set up....

RC: Well, he was supposed to be the facilitator, and I guess that is what he was doing.... I don't really know.... yeah, he probably was. But it was a little surprising in March of '65--seeing they had moved to 1900 L Street and 1800 L Street, at that point--it was surprising to come to work and having no personnel place to go to, nobody telling you anything, my offer letter came from Johnson, but I had been hired by Welch and Johnson, ok? I had no idea (and I was young enough not to care) what the benefits were, I just thought it was going to be fun, and it was. I mean, I'm giving you the downside. The upside is you can get a lot done and go pretty far in doing things.

NS: Well, there's nobody to stop you.

RC: Right.

NS: I mean, you can just carve out your own territory....

RC: It was fun, and it was creative, and it was very exhilarating. In the years of '65, the first couple of years particularly with Early Bird going up and being successful, then the windfall of the Gemini Apollo business from NASA, which gave us a chance to get INTELSAT II started, which we'd never planned on. What became INTELSAT III was the concept of the global system, and INTELSAT II was kind of shoehorn in thing which was very good for revenue production--unexpected, and it paid for half the satellite system. That was great, and a lot of things happened. All that was '65 to '67, through '68, when so many things were happening simultaneously: new members coming in. The ICSC met between six and eight times a year which meant we were on a constant cycle. When you finished the meeting, and you started to get ready for the next one. As the ICSC grew, you got diversity of voices, and with diversity, come differences.

NS: Well let's get to that a little bit later along. Let's go back a little bit....the stock offering is finished now, we've got a Board of Directors, you've got the half and half

operation going, what is your perception about what the common carriers brought to that equation? What was AT&T doing, from your perspective, to encourage the development of maybe ICSC and to pave the way?

RC: Not much, I don't think the carriers did a heck of a lot on the international side. ITT did a lot of negative things. They tried to block us in Brazil, Chile, Peru, I could go on and on. When we tried to encourage membership in INTELSAT and putting up an earth stations, ITT blocked us. We had blistering letters going back and forth between COMSAT, and the State Department, and ITT.

NS: Why, what was their interest?

RC: Because they own all these national telephone systems. It was an era where communications colonialism was still popular. And although we all think of the British and the French in Africa, and so on, as a cable and wireless with the British flag running communications systems in the Arab world and in the Caribbean, people don't realize that ITT, of all the American companies, had tremendous investments and control in a lot of different parts of the world. They didn't want to have instant access internationally because most calls were routed through New York. As late as '65, the late 60's, you still had

to route a percentage of the calls between Santiago, Chile, and Buenos Aires, Argentina through New York; high frequency radio up and back. Secondly, the carriers were thinking about cables. There weren't cables, at least in the Western Hemisphere yet, there had been by 1964 the first three TAT's and TAT IV was approved in '64 by the FCC. In fact, one of the things that I had to do as an FCC spokesman in the negotiations in '64 in Europe, we had a road show that consisted of Gil Carter (who now works for INTELSAT, but who was at State) John Johnson, and I were the trio that went around to various countries. I was always being asked questions about TAT IV and why the Commission had let the IRC's--the record carriers, in those days--own a percentage of the cables. They only wanted to deal with AT&T. That was the first deregulatory thing that the Commission had probably ever done in the common carrier.

NS: But let me ask you a question now. Let me check a perception....

RC: AT&T, I think, as it filtered to the staffs.... ITT was clear, they were not constructive. AT&T, was seen to be constructive. I felt that the individuals that I had exposure to, who were primarily Horace Moulton, who was at that time General Counsel for AT&T and very sensitive about international issues, a very savvy guy; Harold Botkin, who was the guy that

negotiated all the traffic arrangements for AT&T was on the Board, I had less faith that he was really trying to help satellites. I had a lot of faith that Moulton was.

NS: What about Dingman?

RC: Dingman, I think, was a major force on the COMSAT Board.

NS: That's my reading of it.

RC: A very major force--but on business matters, across the board. Welch looked to Dingman tremendously.

NS: Well, let me ask you one question here. A number of people have said that it was because of Dingman that we were able to get the Europeans to go along with, essentially, their participation in Early Bird, does that....

RC: I don't think that's true.

NS: Why not?

RC: In fact, I know it's not true.

NS: Ok. Give me a why not.

RC: It was the pressure of the U. S. Government that caused all of the Europeans to go into INTELSAT and hence since the first paragraph of the INTELSAT agreements said that there will be an experimental/operational satellite--it was INTELSAT I Early Bird--that was the commitment and I know the pressure that the U.S. Government put on the Europeans. The reason it was not widely talked about is COMSAT had wanted, under the leadership of Dingman, Moulton, and Botkin, to conclude classic agreements with no intergovernmental treaty at all.

NS: So they wanted a bilateral agreements?

RC: Right, and the U.S. Government, through this [the ad hoc] committee, was not about the let them have it, and we never told them what we were doing through embassies, and so on. COMSAT and Welch expected it and had a session with Dean Rusk, which I did attend. And he [Welch] said, "We don't want an intergovernmental agreement. We don't want the politics in this." And Rusk said, "We understand your position, but that is for the President of the of the United States, through the Secretary of State to decide. Our perception is, that if we're going to create a single global system, we're going to need tremendous political commitment. If we're going to use outerspace (because the Russians are still fighting the UN on

resolutions about keeping civilian use and private enterprise out of outerspace) we're going to need an intergovernmental commitment." And so what the U.S. government did was it spent a lot of time sending teams around to deal with something called the CETS. (The European Conference and Telecommunications Satellites) which consisted of foreign offices. Ok? Not the CEPT. This whole world of the foreign office and government was a world that AT&T never dealt with.

NS: So you're saying it was really separated out into the diplomatic end of it.

RC: The U.S. Government so quickened in the interest and discussed in such detail with the foreign offices, the diplomatic end of it, that they very cleverly caused in each of the other countries the PTTs to not be able to do a damned thing.

NS: So they just sort of followed along behind.

RC: And it all came together, I mean it merged. That's how we ended up with two interrelated agreements. It's those agreements that committed these countries to pay their share of Early Bird. They would have to pay their share of I've forgotten what Article I of the agreement went on, but we had

estimated sums of what it might cost--no more than \$200 million and so on and so forth. That is, what I believe, from my observations before I joined COMSAT, and working with Johnson after I joined COMSAT, was the driving force. The institutional arrangement caused these people to have to pay in. Some countries didn't even have their PTTs participate. The Government of Spain, through the Embassy here, represented their interest, and they maybe they made the telephone company pay their share....we don't know who paid, I don't know who paid, obviously, somebody knows who paid. In Switzerland, it was their foreign office that had the representation, the PTT never came to the meetings. It varied from country to country. So I think it would be very inaccurate to assume--it might be convenient, but very inaccurate--to assume at that point that AT&T produced the PTTs and the European participation. I don't think it happened that way at all. I think AT&T helped. Their participation at this Karlsruhe, Germany meeting in early '63 or '64, with the State Department--there was no COMSAT participation there--where he famous commitment for another 150 circuits, that was done under Dingman's direction to his people. So he was very helpful there. I think AT&T tried to be helpful throughout. But I would not want to go so far as to say they deserve even a majority.

NS: Who, in the the negotiations of the interim agreements, who led that negotiation? COMSAT or State?

RC: State. Head of every delegation. It was the head of every delegation.

NS: I'm saying in terms of determining the specific U.S. interests.

RC: Policy papers?

NS: Yeah.

RC: We wrote them, and cleared them in the ad hoc committee. We then had State Department people talk to COMSAT, and they negotiated with COMSAT. There were things that COMSAT wanted that the State Department accepted--or the government accepted--and there were things that the government insisted on, and we had a lot of friction. There was tremendous friction in the early period. Johnson really saved a lot of it for COMSAT.

NS: Over what issues?

RC: Voting, the manager issue.

NS: Although COMSAT got what it wanted on the manager issue. At least for the first five years.

RC: Yeah. In fact if you were to be a cynic, or if you could remember some things, I think I can remember, you can remember government people saying, "Let them do it, they'll hang themselves. In five years, they'll lose more than they ever deserve to lose." If we had given another inch, and let there be an International Secretariat just for languages and conferences, they could have kept more longer. So there were very senior people in the government said, "Look, that's not an issue of criticality to government interest, foreign policy interests, if they want to be that hardheaded, we will still successfully negotiate these agreements and they'll pay the price."

NS: And did that ultimately ended up to be true?

RC: You betcha. And I had to be the guy negotiating for COMSAT trying to hold the fort and keep more of the manager year's later. I mean, I ended up being the beneficiary of the somewhat unenlightened COMSAT policy early on. But yeah, they won they won on the veto. The government wanted the veto too, it wasn't just COMSAT. The government wanted that to make sure that we could make fast decisions and move ahead with the

global system. By the time Johnson came on, we found it a lot easier to work together in the drafting of common positions. But every delegation, the first head of the delegation was G. Griffith Johnson, who was the Assistant Secretary of State for Economic Affairs. He passed from the scene, I don't remember why--other matters, GAT and something else. In fact, early on the first guy that lead any discussions was W. Michael Bloomingthal, who was Deputy Assistant Secretary of State under Griffith Johnson. Later Abe Chayes was the head of delegation and deputy heads of delegation would then consist of either Welch or Charyk, plus -- if that's what they got -- then we had the usual delegation gamemanship that all countries go through, we'd have another State Department person as deputy head, and probably on a few occasions when Bill Henry became FCC Chairman, when he came he was a deputy head of delegation. He didn't do anything, and so on. Delegation meetings were chaired by the State Department. We developed common positions on who would speak, and that situation continued from roughly the beginning of '64 when negotiations started really--first kick-off was in February in '64 in Rome--until about April, when Welch kind of dropped out because he obviously had confidence in Johnson and so did the Board, and Johnson then became the key COMSAT man.

NS: Exactly.

RC: We had fights all the time: who should be head of delegation--everytime there was a delegation--and who should speak, and what the positions should be. The internal negotiations were still tough, but they were at least more harmonious.

NS: You mean under Johnson?

RC: Yeah. I mean the ultimate, for example, was one of the ironies. In May and June of 1964, the negotiations broke into two parts: the political--talking about the intergovernmental part--and the operating--the special agreement. The question was, COMSAT was very worried that the government might make political concessions on voting and some other things, so Johnson wanted to put all his attention in that session. And yet, they were worried about the special agreement of the commercial arrangements. We had our roles reversed. COMSAT said I was acceptable as a chief spokesman for the U.S. Delegation for the special agreement and so I was the chief spokesman. I got elected chairman of that working group because I was reasonable. Which was really kind of funny, because I'd been watching it go the other way all the time. And basically, I think, the latter part June/July (except for that real blip which almost pulled back by COMSAT) was fairly

harmonious.

NS: Let's talk a little bit about....I want to go over two areas. One is that flip in your role from being regulator to regulatee. And then also the actual management of INTELSAT under Johnson, or the ISSC, I guess to be more specific. Let's talk about that dual....

RC: Well, the flip-flop for me was non-existent because I went into the international area exclusively at COMSAT and in '65 and '66 in particular, I was so involved with that I hardly ever came across any [regulatory] issues. Welch would call me to a meeting occasionally when they had a tariff issue, because, "Hey, he used to be in tariffs, and he'll understand something and we need all the help we can get here." But that was really very infrequent. Fundamentally, I was almost, by the nature of my job, walled-out of the rest of the company.

NS: So it was really very separate. So you weren't involved in whether they were being regulated too much or not enough or what was being held back?RC: I was involved in maybe two issues in my first year and my advice was not heeded on either one.

NS: What were they?

RC: One issue was the FCC, much to the surprise of a number of us at COMSAT, had decided to let COMSAT own the earth stations in its initial rulemaking. Of course the carriers didn't like that. I was involved in a meeting on that and Johnson was too--in fact we were probably the only two--Istvan, Welch, Charyk, Throop, I think by that time they had hired Larry DeVore, and some others. We took the strong position, I took the strong position--Johnson did not take the same position at that time--that we should go for it; we should fight to keep those earth stations even though the carriers would be unhappy with us and we'd have trouble on our Board of Directors. The reason being, I didn't believe the carriers were into COMSAT for the long run. I remember saying that and people said, "What are you talking about, I don't understand what you're saying." And I said, "The carrier's investment in COMSAT, which was not permitted to be included in their rate base for earnings purposes, will be like any other temporary investment as soon as you can get a better yield on your investment, they'll sell their stock."

NS: As ITT did very early on. RC: And I called the ITT one before it happened. Johnson did too. He said, "They are going to pull-out because they're going to make a lot of money. Anyway, their interests are antithetical to ours..." and

Johnson was in the middle of this ugliness in Latin America. He was the guy that was constantly being pointed to by Ted Westfall of ITT. He used to come back from trips and have to go in and argue with Welch and it was pretty....I mean, I knew what was going on, but Johnson is a very self-contained man. I mean, if he had dressing downs or fights with Welch, he wouldn't tell me much of it. He told me very little, just enough to understand that, "Well, let's put it this way Rich, I'm still going to Latin America next month." Ok, and I could put enough together to say, "Oh, boy, it must have been a pretty hot session." Johnson is that kind of guy. He's less direct and less talkative than perhaps I might be. He called the ITT pull-out. I felt that the others would pull out. Unless the FCC would put it in the rate base, what the hell, why would the carriers, what incentive did they have? They had no incentive to look at cables and satellites with equal degree of interest.

NS: Well actually they had a counter-interest. I mean AT&T certainly did

RC: Right. Unless the rate base.... unless the FCC permitted a double rate base in effect. ATT counts it, it's investment in COMSAT, and COMSAT's rate base. Ok? And that wasn't going to happen. I knew that from the outside, after I'd left the

FCC; just knowing the players and the FCC policies, that couldn't possibly happen. So, on the first issue I said, "Since the carriers are going to pull-out anyway, and some of them aren't our friends anyway and their own self-interests are not necessarily synonymous with us in the long run, go for it; because in the long run we need that."

The second issue that popped up was in May/June of 1964. In fact, it was late June and it continued...right as late as July 11th or 10th. The reason I remember it is that Johnson and I...by that time I was the alternate U.S. Rep and we had a meeting, our ninth meeting. The ninth meeting of the ICSC was in Paris. One of us was constantly running to the phone to call Welch, to talk to Welch because the issue was the FCC had surprised us pleasantly another time. They had decided that we could deal directly on authorized user with the networks and hence by inference with the government at least. The carriers were fighting it tooth and nail. COMSAT management had been threatened rather strongly, but subtly apparently, and Johnson and I said, "This could save us. It's our only chance to retail." And what really happened was, as far as I know, (this is one perception, it may not even be accurate because I'm giving you one end of phone calls from Paris and we sent telexes back and forth, Welch seemed to be very undecided what to do. We knew the kind of pressure he was getting from Dingman and Charyk caved in, and, if you look back

historically, the Commission made an interim decision letting COMSAT deal direct, and COMSAT said, "No, we don't want to deal with them." COMSAT pulled back. It gave up the right to deal, at least with the networks. Since it was the first time the issue arose because we finally had a television request, you know, and we had to take the voice circuits off of Early Bird, and Early Bird went in operational late June of that year and within....

NS: So are you saying that in essence, then that COMSAT made themselves the carriers' carrier?

RC: COMSAT had the option. Whether it would have held up, would the Commission have come up with a final rule from its interim.... You know, you don't know these things. But COMSAT decided it was more politic to be carriers' carrier, at least as regard the networks, and when two years later the 30 circuits case came up....

NS: Right. By then you're saying it was locked up.

RC: COMSAT had set the precedent itself. And the precedent was almost as importantly set in the minds of the industry, because it's not so much the chip on the shoulder theory, but everybody watches how you behave the first time you face a

crisis under pressure. They start to figure out from how they read, or their perception and understanding of your behavior, how they think you're going to behave thereafter. It's my view (and maybe I'm isolated in that view) that the continuation of the carriers' carrier role, even with the fight in '66 on the 30 circuits was the result of an FCC staff--at that time, and even in '64, a guy named Asher Ende....

NS: Yes, I know him.

RC:who is the world's biggest egomaniac, but he's shrewd as hell, too--he felt he stuck his neck out for COMSAT. And he did, he was head of the satellite office on both earth station ownership (and Strassburg felt the same way) and on the authorized user issue with the networks. And I know by '66, he was saying he was very wary of COMSAT.

NS: So you're saying that essentially what ultimately boxed COMSAT in was really their own work at the very beginning, because the authorized user decision obviously really works against them later on.

RC: Right, and they spent a lot of years unravelling it in recent times.

NS: So what you're really saying is that there was a perception that when COMSAT came up against the carriers that they would cave, in general. So it was not just on the authorized user issue, or it's not just or is that too broad?

RC: Too broad. There was a perception that the highest levels of COMSAT management would not necessarily back their vice presidents because by that time we had Bruce Matthews, finance; and Throop was still there. Throop--I remember a meeting where that man was almost in tears on the earth station ownership. He fought so hard to have us try and keep earth station ownership; I think the perception -- I'll be very blunt about it--was that Charyk was so weak, and Welch was so out of it, he didn't understand, he had to rely so heavily.... if you could present to him an issue forcefully, and say, "It's in the interest of the shareholders to do this because...1, 2, 3", and simple and, "Leo, we can't back off on this, but I need your backing," you'd get it. If you went in and said, "Well, on the other hand the carriers aren't going to like this, and we'll have these issues, and boy it's hard to know, but blah, blah, blah, blah, blah, blah," he was lost. Because, basically.... I remember several times we were talking about rate base regulation, he'd say to me, "Come again?" He was a little hard of hearing, too. "Come again? Always," What's that? Tell me

again. You see, I think you made a good point. Tell me why it's in our interest to serve the networks. Do you really think there is a lot of business?" "No, sir, I don't I don't think there's a lot of money." "Then what's the bottom line?" "The bottom line is not today, the bottom line is telephone circuits later on. The bottom line is the government business later on, directly." "Can you quantify that?" "No sir. But I feel very strongly." And he'd say, "Ok, I got the point." He would respond to that. Now if you've interviewed Joe Charyk, you know the personality. He is not that kind of person, he is academic, he's bright as hell, extraordinarily articulate, but he is one of these people who is constantly...he's the perfect systems analyst. He keeps multiplying options: on the one hand...

NS: On the other hand...

RC: On the other hand....and he keeps going up and getting it complicated.

NS: Yeah.

RC: So Welch turns to him and is lost. "Where do you stand Joe?" "I feel strongly both ways." No he, Charyk didn't understand that Welch needed him and that's the absence of

business experience. It's not that there is something wrong with the guy. He didn't understand that what Welch needed him to do to say, "I analyzed this thoroughly, Joe, I've had everybody....we are all in agreement--with the exception of Joe and he's going to speak up and give his view--that we should do it for these reasons, one, two three, we need your backing." That's all he had to do. He saw himself as the kind of continuing being the technology consultant. "On the one hand, the other hand...".

NS: "I'll give you this, you give us that."

RC: Yeah, it blew it. There are people who accuse Joe Charyk (but I am not one of them, because I didn't see it personally) people who, well....Bruce Matthews said it, Throop might have also. I don't think he did though. The only people who I can think of who I would recall making the comment I'm about to say to you are Matthews, who regrettably is dead, maybe Myer, and possibly Johnson; and that's all I can tell you, the following view: that the reason Charyk caved in July of '64, was we all knew Welch was going to leave next year and that Charyk felt that by cottoning up to AT&T, he would be the candidate for the Chairman and CEO. That was said.

NS: That's a strong statement.

RC: That was said by people. I cannot tell you that I ever saw that. I mean Charyk is very smooth, always has been. At meetings he was infuriating to those of us who wanted decisions, not analysis, and guidance, and policy, and leadership. But if that was his motivation, it was not perceptible from my point of view. Secondly, it probably, if it is true, it's probably the biggest mistake he ever made, because Dingman was such a shrewd cat, the first reaction on the part of a Dingman would be. "If he's selling out to me to get something now, he'll sell out to somebody else later. I don't want him as Chairman of a company I'm putting in \$30 million dollars investment, or whatever." I mean....

NS: It works for and against you.

RC: It would have hurt him, not helped him. But that's the only nasty aspect of the whole issue. It was, unfortunately, when you look back, the company was young, the executives were feeling their way, they had a lot of real-time issues on their hands, you could understand a natural reluctance to compound their problems with a major fight--with 50% of their shareholders--you don't take.... I mean I've been in fights with COMSAT here and they're 22% shareholder of INTELSAT, and I'm not the type (I'm a lot older too, now. I really don't

give as much of a damn about things, because I'm a different stage of life and career) but you can understand a certain hesitation. You say, "I'm walking into a buzzsaw with 50% of my shareholders by taking this position, is that in the interest of the company?" So, there could have been, there were, I'm sure, and a lot of good reasons, and a lot of well-rationized reasons for being cautious. Looking back, it was unfortunate because the company boxed itself in.

NS: Let's talk a little bit about this issue of cautiousness. I don't have to be Sigmund Freud to tell you that you are very different from Joe Charyk and that Johnson and you represent a different method and style of dealing with people than Joe Charyk is.

RC: Or running companies.

NS: Or running companies. Or dealing with individuals. I came across a study which was done by Booz-Allen in '68, I think it was -- a management study -- in which they said that they felt from their whatever analysis that they do, that the ICSC, at the time, was mismanaged, that the member nations were feeling bullied, that they felt they were not being listened to, that they felt that decisions were being rammed down their throat, and that there was a potentially explosive situation;

they wouldn't have put it in quite those terms...

RC: Absolutely correct. A hundred percent accurate perception. I wrote those same memos internally, saying (and so did Johnson)....but we got overruled, consistently.

NS: But Johnson, now wait a minute. But Johnson was a key man.

RC: Johnson was overruled. I'll give you the first issue. Who should be Chairman of the ICSC? Johnson was Chairman when I took over. His term was for one year. I wrote memos and rewrote the rules of procedure to permit free elections of chairman. Johnson said, "Well, you know we get an incompetent...." I said, "John, we've got to pay the price." He backed me. We got our heads handed to us by Welch. Charyk sat on the side lines and never took a position. We said, "It's so little to give up to get a sense of co-partnership in this organization. We got a God damn veto, we put in managerial papers, half of them stink, the policies are not enlightened, we were ramming things down people's throats." You have to understand how it worked: one of the reasons I wanted desperately to go to Geneva at the end of '67 -- I went in '68 and open the European office was I wanted to get out of my job that I was only in a year-and-a-half. They made me Director of International Arrangements at the end of '65 and

the Alternate U.S. Rep. But the U.S. Rep from COMSAT was of no importance. Believe it or not--inside COMSAT--because it was the manager that counted in Charyk's mind. It was the manager that were the engineers not representing the heavy cash investment. It was the manager that represented procurement, which Myer did. He was an absolute genius at hardball procurement and a klutz at international relations.... I had lunch with him three weeks ago and I told him that again, many years later. Here's how it worked in the ICSC: Johnson sat there as Chairman--written into the rules of procedure that he had to be Chairman--and he sat there and we had an agenda item up, and somebody from COMSAT would come in and sit down--from the manager, every single paper was the manager. They would do incomplete analysis, and we did not do good jobs. If you're going to be a tyrant, a despot of some kind, if you want to live a long time, you gotta be unusually enlightened. If you're not unusually enlightened, you got to at least seem to be friendly and likeable. The way you do things can make up sometimes for the deficiencies. The manner of the people that were trotted regularly into that ICSC with a couple of exceptions: Bill Wood, is an exception--very nice easy going personality, he would give and take. People would raise points and he'd say. "You're right, we'll change our policy." Conversely, he was very weak inside COMSAT because he didn't take good leadership positions, but in terms of the type of

person to go through ICSC, he helped that company enormously. Reiger, who was the engineering guy, was very good at it. Myer appeared on a high percentage of items, many other people who appeared. He's [Meyer is] one of the few who's still around. Metzger, he never understood what they were talking about because he thought in sliderule terms and these people were of different backgrounds. The methodology of how we presented things [was] basically: "The manager's doing this. We're telling you we've done it," instead of saying, we could easily have said--we have a veto for Christ sake--We could have easily said, "We intend to do this unless you have strong objections there are some things that disagree with this that we would want to take into account. So we're putting the paper before you, let's have a discussion, and then we were going to implement it." "You could have done it that way. We always did things...." "this is to tell you we did it." And these people would come from all over the world, six and eight times a year.

NS: That was specifically true in procurement.

RC: Oh, Jesus, it was true in every major issue. Johnson, in my judgment, and he is a friend to this day and so I'm not saying anything that I didn't say when I worked for him, he always waited too long to go fight inside COMSAT to get us to

lighten up. OK? His attitude was one that, "It's bad enough I'm seen by the rest of this organization as a representative to these foreigners, and half the people in this organization and more are not internationalists anyway." NS: I'm not so sure they like foreigners either.

RC: They don't. [Johnson would say,] "To the extent I am perceived as constantly coming back as being the soft guy, I'm not going to have effectiveness and credibility inside COMSAT to get the job done in the interest of the foreigners and us, which is to get another satellite procured and so on. So, Rich I hear what you're saying, but I can't implement it." I would say to myself, "He doesn't understand either." I was constantly in warfare inside COMSAT in that job. It was a thankless job in that sense. Because you were always negotiating and you would get lines from people who did not do their homework, who had not analyzed something through, "What are you soft on the foreigners?" That's a terrific way to work inside an organization.

NS: Sure.

RC: By the time COMSAT started to ease up, the first time I was so thrilled, I rewrote, I tell you the whole procedures of the Board of the ICSC, and we got Jim McCormick--who by that

time who was different--a little too soft....

NS: Very indecisive.

RC:....but very international, very sensitive about these things. He agreed. "You guys, it's on your head. It's your responsibility if the decision-making in the ICSC gets screwed up because we don't have the Chairmanship, it's on your head." Johnson said, "That's what we get paid for, to assume the responsibility." By the time we got that it was two years later. We were already starting to prepare for the definitive arrangements negotiations. I would say to you that needlessly, through Charyk indifference, through his selection of people to speak on as desperate issues as finance, procurement, personnel matters, R&D in contrast to engineering, (because the R&D people weren't as clever as Reiger) and when Reiger died, the successors to Reiger, they basically foreshadowed the fact that the managerial role was going to be lost. In fact, it was Booz-Allen's perception....what happened is Johnson almost got his head handed to him for authorizing the Booz-Allen study. That came from the ICSC members asking for it.

NS: I wondered why that would have gotten done in the first place, under United States directorship.

RC: It came from a ground swell of ICSC members saying something should be done, and Johnson saying, "This will help me inside COMSAT, because I know what the results are going to be." And he was right.

NS: And you don't think that Johnson was the problem?

RC: Oh, I think that he was part of the problem. Johnny pontificates, John is always negotiating instead of talking. Therefore his inclination is always to stake out a stronger position than you have to. when I became representative I used--I'm a lot different than that--I'm similar to him in some ways, but a lot different. I will go to somebody and say, "I'm going to give you my final position, but don't play games with me in the Board. I'm going to tell you what I will compromise on. Now, we can do it one way or another. I'll stake it out and we'll fight for two days, or we can come close to this. And I'm telling you that's my bottom line." And you know, I'm not being dumb, I always had a little bit more under it, but not very much; not much. I would give in on things that I didn't want to give in on, because I would gain so much more on other issues. Johnson's inclination--I think, but I think it was as much matched by the requirements of him in the job--was to go win a hundred percent victory every time.

NS: I think that's the perception of a number of people.

RC:and it's accurate. You cannot have partners like that. The other guy can't be walking around thinking he's losing all the time. And so...

NS: So you're saying it was a combination of what was going on inside COMSAT.

RC: I'm saying Johnson was, by personality, inclined to behave in a certain way, but his brain was good enough that he knew how to mitigate that. If anybody in top management in COMSAT above him, meaning Charyk and Welch, or any of his colleagues at the Vice President level, would have show any signs of enlightenment, however partial.... When Brenda Maddox wrote her book about "What Curious People to Lead an International Organization," [sic] Johnson, with these big teeth, midwestern boy turned banker, believe me most of us agreed with her. Yet, we knew--those of us who worked for Johnson--knew that Johnny was a captive of--circumstances his personality which he was smart enough to know how to adapt. I mean I've seen him concede things, I've seen him fight like hell to make concessions. On the other hand, everything else in the corporation out-Johnsoned Johnson. So the combination of his negotiating posture, his personality, plus the way the

corporation behaved, made those perceptions I'm afraid, very accurate.

NS: Let's talk a little bit about the definitive arrangements.

RC: Yeah. I've got to talk a fast 22 minutes of talking, if we can do that.

NS: Alright. We're square. Did COMSAT sell out, lose out, were they kicked out, what happened?

RC: I did ten studies as the Director of International Arrangements, or ten volumes of studies preparing positions for the definitive arrangements. They were all finished -- they held me hostage to becoming Director of the European office to finishing them. My staff at that time, which included Bob Kinzie who's at COMSAT, and several other people, we finished those studies in one year; ten volumes on different issues. We made recommendations. We recommended yielding so much on the manager, because the international part of the company's perception was were going to lose our shirts. We would never retain what's....because of this history. No one ever said we were bad engineering, but they always accused us of lying and cheating, of loading work into COMSAT Labs unnecessarily, and they were right. Ok? I just will say flat out, the foreigners

perceptions were right. We stuck things in there, we loaded it and we tried to get the international partnership to pay for it. And we succeeded most of the time in getting them to pay for it. There was great suspicion about the INTELSAT IV program and the reason that we designed it that way is that it would also become COMSTAR. We swore, we told them it wasn't true and it was true and we got a price benefit, a cost break on COMSTAR because we paid too much for the INTELSAT IV. These people were not dummies. They talked to Hughes Aircraft directly too and so they knew what was going on.

We never had a chance to retain much of a managerial role and stupidly we fought for it. Ok? Jim McCormick insisted on being the chief COMSAT man on the delegation, which no CEO in his right mind would do because you always want to walk away from your negotiators and disown them, and they know that they should be playing that role. Johnson, Matthews, we had about seven COMSAT people in the first delegation, and four weeks later the two people that were around for the remaining two years were Johnson and Colino. I was commuting from Geneva for every meeting in Washington, etc. I think we gained more under the definitive arrangements than Johnson and I thought we were going to get.

NS: How's that?

RC: Because we had a period of management consulting contractor, management services contractor. Then we subsequently....I negotiated under the permanent definitive arrangements, six and four year technical service contracts, which nobody ever....I mean, we kept COMSAT going in the engineering business without a staff in here [at INTELSAT] until 1982. So I think we pulled off a lot more than a lot of us thought we were ever going to get. Nevertheless, the basic issue: would we continue as a manager for a consortium, would there be a consortium--the die was cast. Those people from the ICSC days, were going to insist that there be an independent juridical personality, with it's own staff. The only issue really was: how much power is that staff and that chief executive going to get? I thought we came out much better than I personally, (maybe I'd lost some of my hardnosedness by that time) than I thought we were going to get out of the definitive arrangements. And in Charyk's mindvoting in the Board of Governors was critical to Johnson and me. That was much more important than whether we had the guarantees for R&D. Because we saw ourselves as being part of a communications company that was dependent upon an aggressive INTELSAT with high tech, good prices, innovative services, and that that's how COMSAT was going to make it's money; and not as the repository of all of the wisdom of the world in the field of satellite communications. We had fought hard and lost on COMSAT policy

on domestic satellites. We had advocated, both of us, very strongly to McCormick in 1967-68 that COMSAT take a flyer and say, "We're going to put up a domestic satellite system."--this was while the OTP studies were underway--and "because if we don't we're going to get aced out. If anybody else puts up a domestic satellite system, we immediately lose the credibility we've gained as being the world's only expert."

NS: Right.

RC: The only expert in the world, COMSAT does everything. Once that happens, it will erode. So, we should go out and take a flyer. We should invest and put a satellite up and we'll get business later. We lost. By the time this all took place in leading up to the definitive arrangements period, by the time the definitive arrangements were negotiated it was perfectly clear that COMSAT was not going to be the sole provider of domestic services, and people around the world were saying, "Well other people can have expertise, too. What makes you so special? " And anyway, anybody who heads INTELSAT will hire a lot of your staff. I mean, we were losing--forget about the politics, which we lost on already--we were losing the arguments. We no longer had the strength of argument.

NS: Right, right.

RC: So, I think getting written in a Secretary General, instead of going right to a Director General, which gained three years, and having the Secretary General have to rely on COMSAT for all technical and operational services under a management services contract--which I negotiated for COMSAT and got a rate of return of 14% on every asset we employed plus a fee per year of \$800,000 (when Charyk had told me I could settle for \$200,000) we had that contract go on and then the permanent arrangements, management arrangements in '76, when we got a Director General, then the issue was how much goes inhouse, etc. To get a true transfer of function and the agreement that said the Director General was the chief executive whether he was dealing with the contractor, the contractor worked for him, or his staff--that was written into the agreement--but to get two contracts, one six years and one four years for COMSAT was frankly more than I would have predicted in 1968-69.

NS: Did COMSAT almost not sign? Do you know about that?

RC: No, we had a meeting at the last minute with McConnell, Charyk, Phil Buchen, John Johnson and me at seven in the morning in Charyk's office...

NS: That morning of the signing.

RC: No a month before that; before we initialed and agreed. I recommended holding out, strangely enough -- the internationalist -- because I didn't like the creation of an Assembly of Parties, and that political layer. I felt strongly about that from COMSAT's self interest. I felt we had a case to be made because that was very up in the air. We had made several deals and the Europeans reneged, so we had an excuse, too. We could say, "We want to keep negotiating rather than conclude these because you guys reneged on some deals." I thought that was more important in the long run than the other issues. Obviously, I didn't win that argument. I find it kind of ironical now because the Assembly Parties gives me [as Director General of INTELSAT] tremendous support these days in political clout against the U.S. on the separate systems issue; which is one of life's more charming ironies probably.

NS: Right now, yea.

RC: The rest of the people at COMSAT in that room--McConnell, Charyk, Buchen and Johnson--Johnson agreed with me on the Assembly Parties, but did not agree it was a wise policy to make that the only issue for pulling out; we needed a couple. Charyk was still preoccupied with the manager. We hadn't seen Charyk in the two years of negotiations, I mean he had nothing

to do with it, we reported, and all of a sudden, poof, here we go again. He brings it out of nowhere -- an issue that had been settled a year and half before. We agreed a year and a half before on the manager issue. But he said, "That's another reason that maybe we shouldn't proceed." And McConnell said, "I don't see how we can do this at this stage. I think you guys..."

NS: Well it had been so protracted at that point.

RC: That's right. [McConnell said,] "You guys have done a pretty good job, you've dragged on this thing in life, you've given us more years of control, you've delayed these agreements from coming into force by years, and I think we've settled things as best we can and it's a pretty good deal for everybody." That was it, that was settled long before the opening for signature. A month before to be precise.

NS: Ok. Because I mean, I've just heard a number of different stories about....

RC: I mean, that's my view, maybe I'm wrong.

NS: Ok. After the signing of the definitive arrangements, what happens to you?

RC: I'm Assistant Vice President, International from the time I come back from Geneva, which is before the definitive arrangements, 1969. I'm the alternate U.S. Rep, we expand international operations, we're doing more things, different things, we have a whole, for example, consulting business at that time....NS: You mean the international consulting business?

RC: Yeah. We had earth station things and studies....

NS: Technical Services.

RC: Yeah, technical. I was selling services around the world and so on, and the agreements were signed in '71 but they did not enter into force until '73. In, I'm trying to remember COMSTAR....

NS: That was '73.

RC: Yeah, in February, George Washington Birthday weekend, '73, I was at my sister-in-law's in Larchmont, NY, Johnson and I...there'd been years of McKenzie and Company studies about how to reorganize COMSAT, you could talk to a Brian Thompson, who is now President of MCI Mid-Atlantic. He practically lived

inside COMSAT for years, and they had also some recommendations about how to reorganize the company, it was understood that we were going to create a separate subsidiary for international matters. Johnson was going to be President of it, I had every reason to believe I would be Executive Vice President and on that fateful weekend I got a call from Johnson, who never bothered anybody at home, and he said, "I've got to talk to you Rich. You don't have to come down, we can do it on the phone, but I'm afraid something has really gone wrong. McConnell does not want to trust George Sampson to run the subsidiary domestic company," which was COMSAT General. "He's persuaded me to become the head of that. He is not going to create an international subsidiary and you're going to work for George Sampson." George Sampson is still alive, you may have interviewed him.

NS: Sure. I talked to him. Nice guy.

RC: No, he's not a nice guy.

NS: No?

RC: He's a son of a bitch.

NS: Alright.

RC: Nice guy outside, likable, I couldn't agree with you more, my dear friend, all the cliches, and if you disagree with him on anything, you've got problems.

NS: Cut you off at the knees.

RC: Ok? That was not my gripe then. I grew up in New York City. I understand people who cut you off at the knees. My gripe was he was the most limited of all the officers of the company, and he was being put in charge of an area which required policy formulation, leadership, creativity, innovativeness, and this guy could only do things by the numbers. His solution to every problem was to put ten mediocre people on the subject, instead of one bright person. Ok? And delegate authority. He didn't delegate. For example, in the first week on the job, I had a fight with him. I wanted to keep...we had carried U.S.-Hawaii traffic on INTELSAT, U.S.-Alaska, Conus-Alaska, Puerto Rico. I pleaded to keep it on the system. I had negotiated a deal with INTELSAT, we had a contract with the Board, I had to disqualify myself as the Governor....

NS: Right.

RC: I negotiated with them in '73-'74 a lease of a transponder for the price of 600 circuits on the transponder and we were socking over 1,200 circuits through that transponder and charging full price. I said, "We need this, it's good business."

George Sampson: "No, we're going to give it up."

RC: "Why are you giving it up?"

GS: "Because its going to be going on our domestic satellite systems."

RC: "George, what domestic satellite system are you talking about, George?"

GS: "It's going to go AT&T."

RC: "That's exactly right, George, and we ain't going to get revenue, George, because we wholesaled COMSTAR. Right? No revenue."

GS: "Well, AT&T is our friend."

RC: "George, I don't give a shit if they're our friend,

where's the money?" We went through things like that from day one. I considered Charyk's indecisiveness in those early years...the one thing Charyk did that was so crucial that he should get credit for forever was Early Bird. That was a milestone. It was so important to the future of this organization -- INTELSAT and COMSAT -- that it almost overcomes all the things he didn't do. His indecisiveness on some of the things I mentioned and his weakness on others, and putting Sampson in charge, were to me unbelievable errors. Now Johnson was put in charge of a new business, COMSAT General. Johnny Johnson is not an executive. He's a negotiator. So he did what he knew best. He negotiated acquisitions. And they turned down every acquisition he came back with. Ok? He wasn't really good at running a satellite system, he wasn't interested. So his approach to things was because he wanted to get as far away from Charyk and the rest of the officers of the company, he just basically isolated COMSAT General from COMSAT parent. I mean, he really was good at it, a tough-nut pro, and as a result, he ran his own shop. And I had to live with a bunch of mediocre people for a couple of years.

We needed corporate planning. By the way, at that point, even at that point, it's so ironical, you would have thought that Sampson, who was an operations man, who ran earth stations, would have realized that the most important role COMSAT had was U.S. investor, the signatory [to INTELSAT].

That's how you make your money. He came out thinking everything that the manager did was more important than anything else. I mean he used to say things to people in the Board, pretty stupid, "Look, what do we have to do to get this manager's recommendation through? Do you want Colino's head? Do you want him out of here as Governor? He works for me, I'll get him out. I'll serve his head up on a silver platter, he's too tough." Even Charyk used to have me report to him directly around Sampson. It was a horrible situation. We reorganized in a year, at my recommendations. We botched our reorganization again. We split into two managers, etc. But the only thing I needed for U.S. was the earth stations, and I didn't get that. So Charyk decided this is a bright guy that's done well for this company, we got to give him something, and he's been saying we need corporate planning, he put me in charge of corporate planning. Which is when I sent this survey around and got every answer back except the one I thought.

NS: What are we doing here?

RC: Why are we here, exactly. And Johnson came to see me and said, "Rich, you've got to understand, I mean, you're doing the right thing, but I'm going to fight you every step of the way, because I don't want the parent company getting in my way, I don't want to have to deal with the Sampsons, I don't want to go to meetings with him, I'm not interested in his opinion on

anything, I don't want Charyk vascollating." He says, "I talked him into making a condition. The condition I made in becoming the head of the domestic subsidiary with McConnell was that I be Chairman of the Board. So, I got Chairman and CEO, I'm running my own thing, and at least I'll get away from all of Joe Charyk's indecisiveness, wishy-washiness, etc.

I was the U.S. Governor from the first meeting, the second meeting onward, I manipulated a few things. Because of Sampson's weakness, which was to go along with everything, that meant he was very susceptible to pressures from both Astrain as the Secretary General and from the Board. So I made sure that the pressures that would help me internal to COMSAT came upon him; just as Johnson made sure the Booz-Allen, Hamilton study was done. In other words, I learned something. SBS was formed, and they needed a good engineer, and yet INTELSAT needed and had a right to approve the head technical guy in the Management Services Contract. Ok? They wanted Marty Votaw, who ultimately went to SBS.

NS: Right.

RC: We then reorganized when Sampson retired, and he retired early under pressure, he was basically--he was such a do-do, and being the head of the MSC, that--I mean, it doesn't do to agree with everybody. Those Governors want you to--they're

paying you--and Astrain's paying you, to do more than to say, "Oh, well, that's a good point you made."

NS: Yeah.

RC: Ok? In other words, they thought if he was going to be the head of this thing, that he had to be hands-on. His solution was, "Astrain and I meet every morning for coffee." Ok? And Astrain was saying to the Governors and even to me, "I don't want to meet with him every morning. He talks generality. He doesn't have his hands on, he's not managing. Can he manage?" I said, "Do you want to know? No. He thinks he's a General."

NS: He was.

RC: And he is a General, and he's never changed. He's always been, he is today what he was. He once said to me, "You know how you become an Lieutenant General?" I said, "No." He said, "You get three Brigadiers to report to you." And that's how we organized our division, three people: Wood, Votaw and I reported to him. I mean he was consistent probably his whole life. He used what he knew, and the mistake was making a limited man like that in charge of a critical function. When he retired, because of...I mean, his wife was ill and that was

a great excuse, but Charyk, even Charyk was getting embarrassed. Charyk was called to executive sessions of the Board, alone, with Astrain. Here I'm sitting, watching the President take shit--pardon the language--from this Board about Sampson, Lou Meyer, and the same cast of characters, same ones, except for Bill Wood from the other days, the ICSC days. When Sampson retired, it was my brilliant idea to have a whole new division called the....I didn't call it U.S. INTELSAT division...

NS: Yeah, but....

RC: I was positive I was going to become the head of it, and they put Wood in charge, and made me his deputy. Ok? Wood was an easy guy to work with -- a team guy. He had the same--another military type--and there are good military types, and some of your best managers and executives in this world come from the military in my view, but they don't apparently come from the Signal Corps.

NS: I'll keep that in mind.

RC: I was in the U.S. Army Security and Signal Corps. The gap came when Votaw had to go to SBS, and I made sure that they requested that Wood head-up the Manager, and that's how I got

my promotion to be a Vice President. From that I opened it up to become what ultimately became World Systems, and a totally separate division. That was easy. Charyk was easy for me to deal with because I understood him. "I'm going to reorganize this way, Joe, unless you have a violent objection."

NS: Which he would never have.

RC: "Well, what does Jack Harrington think?" "Oh, he's against it Joe because I'm taking Earth Station Engineering and putting it under me. But Joe, I'll worry about Jack, I'll take the heat off you, ok?" So I built it up and my last three years of COMSAT, from December '75 when I was made a Vice President/General Manager until I left in early '79, I had Goldstein working for me as my principal deputy, Kinzie, I had a hell of a great team. Life was pretty pleasant.

NS: Are you a loose cannon?

RC: Absolutely the opposite. I'm a calculator. I'm a very long-range planner. If anything, I could be accused of being....I mean people who really understand what I'm doing--could be... it's fair to accuse me of being, I don't think the word "deceitful" is fair, but too clever. I even plan my outbursts. Ok? I seldom do things--things that appear

to be bang-bang-- have been thought through or even documented, written out in advance. For example, ten reports on the definitive arrangements. Almost everything in those ten reports is in here. That was done and completed in 1967. The agreements came into effect '73, were concluded in '71. Even the novel concept of relating investment to use, which was our second report, issued somewhere in '66. So, I'm a hardball guy when I have to be, and I'm a diplomat with some people...right now the United States is not seeing me that way at all, because I'm not playing a diplomatic role with them. But I don't think a loose cannon--you can accuse me of being a time-bomb if you want....

NS: No, I'm not making an accusation.

RC: No, I mean other people. Not you. Other people. A landmine, but a loose cannon is a joke, that tells me how stupid some of these people are with their misperceptions. To think that some of the things that are happening today are just happening because of some emotional kind of anything....right now we have a Director General who's got support that no Director General could ever expect to have more from 94 governments maybe, out of 110, an Assembly of Parties that passes resolutions that the Director General writes. My staff does everything behind the scenes for all of these organs. If

the Board of Governors does not give us what we want, we get the Meeting of Signatories to pass a resolution and tell them things. It's a good thing I know how to run an organization at a time when COMSAT, with it's 22% vote, is in a foxhole like this, [with their heads covered], hoping that the government leaves them alone a little bit and they can come back and fight back and regain the position they had. NS: Is that what is going to happen under Irv Goldstein?

RC: He is going to do--if anybody can do it in that place, he can. I mean that's what he is going to try to do. I think he's got the brain power to do it and I think he has the commitment to do it, and I hope he has the fortitude. I mean, that only time will tell. But they've lost...they don't even act as a guy with a big stick, 22 percent vote. Even in the fight on the separate systems, who got all the heat on separate systems? Who did the "lobbying" or got accused of it? Why the hell should we have had to do that? Why should an international organization have had to do that? Because they wanted to? If we're really the cooperative that we are, it's up to our Signatory to protect us. Why were there separate system applications in the United States? Because INTELSAT does wholesale pricing, etc. didn't do it's job? So, I think a lot of people have misperceived things that were done out of necessity, as things that were done out of some kind of

ideology. I'm the ultimate pragmatist. I do very little out of ideological commitment. I think very few chief executives are ideologists. You've got to be a very practical guy ultimately. And so, I think that's kind of amusing and inaccurate, obviously.

NS: Ok.