

COMSAT HISTORY PROJECT

Interview with Joseph McConnell

Interview conducted by Nina Gilden Seavey

Interview with Joseph McConnell
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COMSAT Headquarters Office
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Nina Gilden: This is an interview with Joseph McConnell on
10/17/85, at 10:00 am, in his office at the COMSAT
Corporation. What I'd like to do is go over

Joseph McConnell: What time is it?

NG: It's 10:00 a.m.

JM: "10:17," she said?

NG: That's the date.

JM: Oh, excuse me.

NG: What I'd like to do is to go back a little bit, pick up
where you first had your first contacts with COMSAT, which was
long before you ever came here as Chairman.

JM: That's right.

NG: What I'd like to do is to talk to you a little bit about

the '63 ITU Conference and your participation with : . . .

JM: Wait a minute. Let me get my hearing aid out. Is that what you want?

NG: Yes. I want to [talk about the] 1963 ITU Conference and your participation with the nascent organization that has come to be known as COMSAT.

JM: That's right. I forget the official name of it, but it was a radio conference.

NG: It was the Extraordinary Conference on Radio Frequency. I think was the name of it.

JM: for the allocation of frequencies for the space program.

NG: Right.

JM: That's right. I was Chairman of the United States delegation. And COMSAT, which had just been created a short time before exactly what date was COMSAT created?

NG: You mean in 1962?

JM: Was it two?

NG: It was August of 1962.

JM: Well, we were over there on September 30 in '63, and they had a delegation from COMSAT. I don't know I remember Joe, of course--Joe Charyk was there--and Leonard Marks was there, and I don't remember who else was there from COMSAT. But anyway

NG: John Johnson, I think would have been there.

JM: John Johnson?

NG: I think he was there.

JM: I don't remember John. I should have. But anyway, they were very helpful to me, particularly Joe -- who had been in the military in the Defense Department -- when I was getting great demands from the Army for frequencies that they wanted. And I knew there were too many, but I didn't know which were valid. And he helped me very much on that.

NG: Now, when you were first chosen to go over there, essentially, how were you the one who was decided to head the

delegation? How was that decided? Based on what past experience of yours had you engaged in so that you would be qualified?

JM: Well, I'd been President of NBC. So, I'd had something to do with communications. And I was not associated with anything.

NG: Now, was there also at any point there in the beginning possibly, it was thought that maybe you might be coming to COMSAT at sometime in the future?

JM: Not on my part at least. I don't think there was. I don't think so.

NG: What about I had a talk with Gil Carter who was at the State Department at the time, do you remember him? William Gilbert Carter?

JM: Yes, I do. The lawyer.

NG: The lawyer.

JM: Is he still there?

NG: No, actually, he is now with INTELSAT. He is sort of

Colino's right hand guy.

JM: Well, he is a good man. Give him my best when you see him.

NG: I certainly will. But we had a talk, and he mentioned your participation in this conference. And his comment was that it was at that conference that the geosynchronous orbit satellite was essentially adopted.

JM: That right.

NG: The idea that we can actually do that. And I was wondering if you had any recollections about that. How that all happened, that there was a movement that made it so that it seemed like geosynchronous was going to be an acceptable form.

JM: No, I don't remember that. I'm not sure he's right anyway.

NG: Okay. I was going to say, as we go through these interviews, I may ask you questions that you have no recollection [about], don't be hesitant to say so.

JM: That's not hard to do.

NG: When you first got . . . when you were at the

conference, and you were dealing with Joe Charyk and I guess, Leo Welch at the time would have been somewhere in the background

JM: Leo wasn't over there.

NG: He wasn't over there but he was, I think it was at that time he was still being considered for the Chairmanship and Joe was already on. What was your impression about the direction that COMSAT was going to take at that point? Was there any idea?

JM: I didn't have any. I didn't have any sense of direction. All I asked them to do they wanted to go in and just kind of participate in the conference, and we had so many things to do and we would lock hands with the Russians and so on that I asked them not to actively push what they wanted at that conference. That was what they wanted to do was go get people to agree to be part of INTELSAT. And I asked them not to do it at that time and they very kindly did not do it and it helped me and I think it was good for them.

NG: So, essentially what it was was for them it was almost [that] they acted as spectators.

JM: Well, except that Joe helped me a lot.

NG: Right, but that was actually on defense issues as opposed to necessarily the commercial end of this thing. Would that be correct?

JM: No, well everything was all tied in together. It was not the frequencies, you know, were used for everything. If they weren't used for defense, they could be used for whatever else there was.

NG: Okay. So, but they didn't actively pursue their own, COMSAT, interests?

JM: They did not at that point.

NG: I see.

JM: I mean, they may have done a lot of talking on the QT, but not officially they didn't do anything.

NG: Let's jump then, from the time that you actually attend the conference, to the time that you become a member of the Board of Directors here at COMSAT. Who approached you? How did that transaction take place where you finally agreed to

serve on the Board here?

JM: Well, I got an approach before that. Leo Welch (not too many people know this) asked me to come up here to see him and I can't remember the date, maybe you'd remember

NG: It must have been before 1965.

Ms Klein: Yes, I think it was in 1964, early '65.

NG: Yes, it must have been if it was Leo Welch, because he left in '65.

JM: Oh, well, he asked me to become Chairman of COMSAT.

NG: When he was thinking about leaving?

JM: He was thinking about leaving.

NG: Interesting.

JM: And he asked me to become chairman of COMSAT. And I couldn't come. I just hadn't been President of Reynolds Metals but two or three years. And it wasn't something I wanted to do anyway. And that's the first contact I had about coming into

COMSAT. But that didn't develop into anything and then nothing happened until what's that guy's name? What's his name Ms. Klein? The fellow who did become Chairman..

Ms K: General McCormick?

NG: McCormick?

JM: General McCormick invited me on the Board in, when was it, '67 or '69?

NG: '69.

JM: He invited me to come on the Board in '69, which I did.

NG: Well, let's talk about then that transition that you made from being on the Board to actually being the Board Chairman. McCormick leaves, would you like to describe that at all; the circumstances under which he left?

JM: Well, yes. He's gone, so he was not well at all, and he wasn't really doing a good job, either. And what he wanted proposed was that he be Chairman and Joe be elected Chief Executive Officer.

NG: Okay.

JM: And the Telephone Company particularly, wouldn't agree to that. So, they decided they had to get another Chairman. And they appointed me Chairman of the committee to select the Chairman. That's how I got to be Chairman.

NG: Oh [laughter].

JM: We met, and we offered it first to Rudy Peterson, who was on the Board, who was Chairman of the Bank of America. And Rudy, I thought he should have taken it and I tried to persuade him, but he wouldn't do it. Then we offered it again to Leo Welch, which was a really kind of getting to the bottom of the barrel, because he was old as hell. And Leo wanted it, but he wanted to be designated Chief Executive Officer -- maybe you shouldn't write all of this in there -- anyway, I'm saying something about the telephone company, don't say this. Certain members of the Board would not agree to that. That was the telephone company, but just don't say that.

NG: Okay.

JM: [The Telephone Company] wouldn't agree to it. So, he turned it down. I was then the President of Reynolds in

Richmond, and they came to me--[laughter] I'm Chairman of the committee--they came to me and asked me if I would be a non-permanent Chairman, non-full-time Chairman.

NG: Right.

JM: And I said, "I would." And I would come up -- if I hadn't been so far away that I couldn't come up and do what was necessary, I thought -- provided they did not give me a salary. I didn't want to take salaries from two places. So, they elected me Chairman, and I came in and we had no Chief Executive Officer. I knew Joe well enough to know that he and I would do what we wanted to do and wouldn't be bothered by who was designated what. And the issue never really arose.

NG: So, you just sort of got the job done.

JM: Huh?

NG: You just got the job done.

JM: Yeah. Well, he would do what he knew so much better than I did, and I would try to do what I should have known better than he did. And we never had a cross word.

NG: Well, let's talk about the difference between you and Jim McCormick, because there is a lot of difference. He was a very cautious Chairman, Board Chairman.

JM: That's right.

NG: He some people have said he did some handwringing in public and wasn't very decisive. Now, nobody has ever said that about you, about not being decisive.

JM: [Laughs]. That's a bad thing.

NG: Do you think that there was a conscious decision on the part of other Board members that they felt like they wanted somebody who would take more definitive steps; that they would take somebody with a stronger personality?

JM: That's correct. There was a great push on me to become President. Fred Donner -- before that, when they first when Leo first mentioned it to me there was a great push on me from Fred Donner and Leo and the telephone company -- Jim Dingman and the people at the Telephone Company -- through Fred who was the old chairman at the telephone company? Lived in Rockville, Ms. Klein? Damned good president.

Ms K: Not DeButts?

JM: No, no, before DeButts. Well, anyway, they pressed me quite strongly to President.

NG: To become President, you're saying.

JM: To become Chairman.

NG: Okay. That's what I wanted to be sure. I didn't understand that.

JM: I was never President. To become Chairman but I had to turn it down. I couldn't just leave Reynolds after just becoming President.

Ms K: That was in 1964.

NG: That was in '64? All right, well, there is a lot going on when you come on Board. In '69, '70 and '71 there is quite a bit going on here at the company. Obviously the first thing that jumps to mind is the negotiations of the definitive arrangements for INTELSAT. I've heard a lot of stories about the way that those things were negotiated, and COMSAT's view. What do you think COMSAT got out of the permanent arrangements? Did they give up too much? Do you think they got as much as they wanted?

JM: Oh, that was a masterful negotiation to set up INTELSAT like that. I had nothing to do with it, so I can brag about it. John Johnson and Leo did that. I don't want to say principally John, but I think mostly John. He is a very able negotiator and he negotiated those agreements, and that was a great accomplishment.

NG: But now the definitive arrangements, I'm not talking about the interim arrangements, I'm talking about the definitive arrangements

JM: The definitive arrangements were troublesome.

NG: Yeah, they were. Why was that?

JM: We had a hard time with them. We had a hard time with this damn State Department, and they were difficult.

NG: Why?

JM: I can't tell you in detail. I remember one item, but I can't remember what it was, we had a hell of a time with it.

NG: Do you think that COMSAT gave up too much in that negotiation?

JM: No, I don't. I think they did fine.

NG: You mean ultimately?

JM: Yes.

NG: Well, what do, do you remember at all vaguely?

JM: I can remember. It was a Frenchman who caused all the trouble. I sat next to him at dinner one night, I remember at some dinner party. I gave him hell. He gave me hell, we didn't get anywhere. I can't remember what the point was. John will know, though.

NG: I think I can tell you. Maybe it was the issue of the regional systems where the French wanted to put up a French-speaking satellite system? That would go

JM: I can't remember. It could have been but John will know.

NG: Okay. I thought that might jog your memory. Okay. Because that was definitely a big issue with the French at the time.

JM: It was? Well, maybe that's what it was. It wasn't too

important, really, when we got all through with it.

NG: Now, the thing is that COMSAT, essentially, gives up the management of INTELSAT after the five years. They give a good bit of technological know-how up to an international organization that is run at that point by people who didn't have the stake in the system that we did initially. Do you think that was bad for COMSAT?

JM: No, I think what COMSAT did I think the accomplishments of COMSAT to get where it is and where it's been, and where it's been is sometimes a little bit better, I think, than where we are because of all the mess with the FCC [deregulation] and silly things that the government does. But that was a tremendous accomplishment.

NG: Even though it took so long, it took a long time.

JM: Oh, it was a tremendous accomplishment. To build that thing from nothing with that highly technical expertise that was required and make it a commercial success, was a hell of an accomplishment. I don't mean to say that I did all that, because I didn't. But I mean, all the people that did the negotiating and did the thing, and Joe and he had a very able technical man in here with him for a while, a German, whose name I can't

NG: Sig Reiger.

JM: That's right. He was damn good. And to design those COMSAT'S, those satellites, and get them up and have the commercial arrangements they had all over the world, that was a tremendous accomplishment.

NG: Well, one interesting thing I spoke with U. Alexis Johnson, from the State Department. I don't know if you remember who he was. He was the Under Secretary for Political Military Affairs during 1969-70.

JM: Johnson?

NG: U. Alexis Johnson.

JM: Oh, yes. What's his first name?

NG: U. Alexis.

JM: Yes, I remember.

NG: Right, Alex Johnson.

NG: And he mentioned one thing that I wanted to check out with

you, which was that he said that up until the time of the actual signing of the definitive arrangements in '71, that it was unclear whether Joe Charyk was going to be allowed by the Board to sign. Was that true? Was there a problem with getting the Board to finally agree to sign the definitive arrangements?

JM: Yes, they had difficulty with it. Because of I can't remember what the point was.

NG: Was it still that one point?

JM: Yeah, but I don't think that's it. I can't remember what it was. But John was a tough negotiator. So, he would make more of it perhaps sometimes than it really was. And he would convince the Board, perhaps. But the Board I remember was hesitant about it. Of course, it was I Chairman then?

NG: Yes.

JM: We were going to sign it, what the hell?

NG: [Laughter]. You were just going to wait until the eleventh hour. Make him sweat a little bit.

JM: Well, the Board was going to go along, they were just . . .

. . who was causing trouble on that? I guess it was Leo. The Telephone Company went along with it. They owned 29% of the stock at that time. I would think the Board wasn't all that difficult. They had Fred Donner on there at that time who was very definite about everything and a wonderful director. It wasn't easy, though. Oh, the Board was going to do it. I knew they were going to do it.

NG: Okay. Let's talk a little bit about the Board.

JM: Okay.

NG: There were a number of transitions that went on in the Board during the time that you were Chairman, and the biggest one obviously was that the Series II stockholders get off -- the carriers in '73 -- finally get off the Board.

JM: Is that when the Telephone Company finally got off?

NG: Yes.

JM: Gosh, I'd forgotten it was that long ago.

NG: Now, ITT gets off the Board a little bit earlier. Well, they don't actually get off, in '67 they sell most of their stock, but they continue on a little bit longer.

JM: When did they sell most of their stock?

NG: In '67. They sold, I think, 1,500,000 shares in '67.

JM: What did they have before, 50%?

NG: ITT? No, I'm saying ITT alone sold

JM: Oh, you mean the carriers in general -- not just the Telephone Company. The Telephone Company didn't sell any until they sold it.

NG: No, not until '73. I'm sorry. I should have made that more clear. What did you perceive was the benefits and the disadvantages of having the Carrier Board Members?

JM: Well, there was no disadvantage with the Telephone Company. The Telephone Company did everything they could, to the extent almost of sometimes operating in the contrary interest of the Telephone Company,

NG: You think so?

JM: --to make COMSAT work. You could never criticize that.

The rest of them didn't make any damn difference. I mean, IT&T, an RCA and so on.

NG: Now, Eugene Black was on the Board.

JM: He was before my day.

NG: And Ted Westfall had been on the Board.

JM: He was before my day, too.

NG: He was before your time, also. So, basically who you have then are a lot of the independents by the time that you come on. I think RCA Globecom had somebody on there.

JM: Something like that.

NG: Yeah. So, what you're saying is really the leader in that was AT&T and they were big supporters.

JM: They were a wonderfully helpful, substantial, part of the growth of COMSAT.

NG: Well, let's talk about them a little bit as competitors, though. Because when we start to get into the whole issue of

the domestic systems, we decide that we want AT&T to be our big customer. And they're going to get off the Board and basically lease this satellite we put up the satellite, they're going to lease the satellite and they're going to have a domestic system; or we're all going to have a domestic system.

JM: I remember that all right.

NG: I have heard from a number of people at the FCC who I've spoken with, that if COMSAT had wanted the whole ball of wax and didn't want to give in to AT&T -- and they perceive it that COMSAT gave into AT&T -- that COMSAT could have had the whole domestic system all to themselves. Do you think that

JM: I think that's a bunch of junk.

NG: Okay.

JM: First of all, we didn't give in to AT&T. We made a hard business deal -- Joe and I negotiated it. So, I'm familiar with it. We negotiated it with Dick Hough. Personally we negotiated it. I proposed the price myself. It was a wonderful commercial thing for COMSAT. After all, COMSAT wasn't the most profitable organization in the world at that time. We needed the business and the FCC is full of

junk. We would never have gotten the whole thing. I don't think. At least it never occurred to any of us.

NG: I guess my point is

JM: Who was chairman of the FCC then?

NG: Was it Henry; E. William Henry? I think, because he served until '75.

JM: Oh, hell, he wouldn't have done anything. He didn't have enough strength to make a big move.

NG: Because the issue that some of the people have said is that because AT&T had been so helpful to COMSAT in getting it set up, and Jim Dingman was always out there, you know, right out in front

JM: Yeah, he was wonderful.

NG: helping COMSAT and getting the Europeans involved and all the way along they had been very helpful. I guess the point being that maybe COMSAT was willing to take a step back in order to persevere that relationship, that good relationship, that we had with AT&T.

JM: It wasn't a step back, anyway. It was a great step forward.

NG: Okay.

JM: And after all, AT&T was our biggest customer, you know.

NG: Sure.

JM: I came up through the commercial route. I think a lot of customers and AT&T was after all our biggest what 90% of our business? 85%?

NG: About, yeah. Well, let's talk a little bit about the Presidentially appointed Directors.

JM: About what?

NG: About the Presidentially appointed Directors. You had George Meany

JM: He was wonderful.

NG: Fred Donner.

JM: Both wonderful.

NG: What do you think these gentlemen brought that was different than say, the traditional normally elected directors?

JM: They were in a position where they had to act like normal Directors. They could tell the President whatever they wanted to, but they could not, I think, participate in the business in a way different from the other Directors. The President would have been criticized and so would they. They had to do what was best for COMSAT.

NG: So, do you think that they brought something to the Board that maybe was beneficial to COMSAT or were just like everybody else? Did they bring something different and unique, I guess is the question.

JM: Yes, they brought something different. First of all, they were damn good Directors. I mean, nobody but the President could have gotten Fred Donner and George Meany to be on the Board.

NG: That's true.

JM: Who was the other one?

NG: Well, there was Hagerty.

JM: He got off the educator out, from California, to begin with

NG: Well, it was Kerr first, and then Hagerty.

JM: Oh, Hagerty. He's been a good Director ever since. Although he's not a Presidential Director, now.

NG: Right.

JM: They were all good Directors. They brought to us and they had the right to talk to the Administration about anything that went on. I'm not so sure they did much of it.

NG: I don't get the impression that they did a lot of that.

JM: They did?

NG: No, that they did not. I think you're right.

JM: I don't think they did much of it. Fred Donner, though,

and George Meany, they were terrific Directors. If you got something by Fred Donner, you pretty well knew it was all right.

NG: Yeah.

JM: I was devoted to him.

NG: Because apparently he was very decisive and very

JM: Oh, yeah, he was tough.

NG: Very, very tough.

JM: And George Meany knew more about what was going on in Washington than the President.

NG: That doesn't surprise me, though.

JM: He was a cooney is about the proper word for him. He was a cooney -- a fine, old Irish gentleman. He was a wonderful man. I was devoted to him.

NG: Do you think there was a time, where say -- because it's hard to get George Meany and Fred Donner to sit down and agree on many things -- that there was ever a conflict

between the way that the business should go between the contingency that Donner would have represented normally, and the contingency that Meany would have represented normally?

JM: Never any disagreement that I saw. They were both able men.

NG: Sure. Sure. Here we are in 1973 and the Board Members get off -- the Carrier Board Members, I'm sorry -- get off the Board. How does the Board change, then? What happens in the make-up?

JM: They got off and I had to select new Board Members.

NG: Right, but I'm saying in terms of the expertise. In terms of the . . . there must have been some kind of a change.

JM: Well, there wasn't any change that you could see. We tried to do the same thing that we were doing. But you missed . . . I think I kept Jim Dingman coming to the Board Meetings for some time, didn't I?

NG: Yeah, you did. He came on as a consultant for quite some time after that.

JM: Because, he really had expertise. Still does, I see him every winter.

NG: Down in Del Ray Beach. You all have a house down there, don't you?

JM: Yeah, I have one down there. He does, too. And gosh, he's old as Methuselah now, but he was a real wise communications man. I don't think there was any great change. We didn't have that expertise we put in their place, I can't remember. Who did we put in their place?

Ms K: John Harper.

JM: No, he wasn't was that when John got on?

NG: Yeah, I think that would have been : . . .

JM: John Harper and Zimmer.

Ms K: and Zimmer and that man who used to be at Chase Bank and then went to Atlantic Richfield. I never can remember his name. I think he's out at Crocker now.

JM: Oh, yeah. Maybe he's not there anymore. But anyway, a

third man I selected, I can't remember. We had a damn good Board, you know.

NG: Well, you know, that's one of the things that's always been sort of noteworthy about COMSAT, is that they say they've always had a Board of superstars. There also has come a criticism with that, which is that these men are such superstars that they have a lot of other interests and a lot of other activities outside of COMSAT and that sometimes I have gotten the impression as I've been interviewing these people -- I've interviewed a lot of people up until now -- that maybe the Board wasn't that they wanted their hands in a lot of decisions but they didn't want to take the time to know what was going to go into those decisions.

JM: That's just not true.

NG: Okay.

JM: That is just not true. That was one of the most inquisitive Boards that you ever saw. Take a fellow like Fred Donner. [Inaudible] Take Pat Patterson from the Guarantee. Or, take Lew Foy from Bethelhem Steel. Those guys inquired into everything, and still do. And who else was there? I had a fine Board. Chuck Pilliard, he was very inquisitive. No,

that is just not true.

NG: Okay. That's why I'm checking these things out. Because I get little snips of information that we need to get some kind of inside perspective on it.

JM: That's all right. That Board, that's been a strong Board. Now, I'm of course prejudiced.

NG: You have every right to be.

JM: I selected them. Not all of them now, but during that period.

NG: Sure. There is a large change that takes place during the time that you're here. And I think it was in the 1970 Annual Report. You, in your letter with Joe Charyk to the stockholders -- you know that thing that they always do at the beginning -- say, "The first stage of COMSAT is over." The first stage was really getting up the international system, getting it working, getting it moving, and that now we're moving to the decade of the '70's and the focus of COMSAT is going to change. [You say in the letter] "We need to get into other businesses, into domestic businesses, into other kinds of international businesses and the first stage of COMSAT is

over." And I see that as sort of a drawing line, when you say that in your statement to the stockholders. What led to -- let's talk about first that decision to move out of just the role as an INTELSAT member, into other businesses, what happened?

JM: Well, first of all, of course we were highly regulated. We decided it would be advantageous if things weren't so highly regulated. I think that was a wise decision. I think the selection of the things that we did, in some instances, were not nearly as wise. I think so long as we stayed in the highly technical fields related somewhat to COMSAT, we were doing the right thing. I think when we got into things outside of that general area, we were doing wrong.

NG: Give me a for instance.

JM: ERT, for example.

NG: Okay.

JM: I think the decision was right, I'm not so sure that the execution of it was done as well as it should have been done.

NG: Although, the decision to go into ERT was really sort of a

first big decision to really diversify.

JM: I shouldn't have done it. I shouldn't have done it. I let them do that and I shouldn't have. And I really knew I shouldn't have....

NG: Sort of a gut feeling.

JM:Don't say that!

NG: What about SBS?

JM: SBS should have been, I think, the greatest thing we ever got into. I hate to say this about my good friends at IBM, but they sat on their tail in the initial stages of it, and never got it off the ground. I knew that we knew all there was necessary to know about satellites. I knew we didn't know anything about marketing, anything about the administration of a complex business like that; we were not that skillful or experienced. But IBM, first of all, they developed too expensive equipment for the thing and they just didn't do any work at it. They put a kind of semi-retired fellow in charge of it, and they just did a lousy job. You can tell John Opel that for me. Not that I haven't told him. They did not do a good job.

NG: So you really lay the blame them at IBM's doorstep.

JM: Yes, we didn't know how to do that. And Aetna, of course, was forced in by the FCC, they weren't supposed to know how to do it. IBM, don't misunderstand me, they knew how to do it, they just didn't work at it. And that's the reason SBS....and then it became too late.

NG: Although, COMSAT at that time, really does pour more and more money into the business.

JM: Yes we did, God knows.

NG: And certainly can't take the kind of losses that IBM can take, I mean, their being so large.

JM: No, no. Thank God we got out when we did.

NG: Do you think there was something that was in the original arrangement between IBM and COMSAT that allowed this slippage to take place?

JM: Well, you know, the FCC screwed it up to begin with. The original deal we made with IBM, they were to be the majority

stockholder, and we the minority. Now that would have worked. Because they would have had the responsibility, and known that was their responsibility to run it. Then the FCC comes in with that damn foolishness and makes us get a third party on the theory that COMSAT and IBM are too strong. Well, God knows COMSAT is not too strong. They made us do this silly triumvirate kind of thing. And that's where it got off the rail.

NG: So you think that if IBM had really been the leader....

JM:been the majority shareholder, they would have done the job, and it would have been wonderful; because at that stage it was early enough to really do it. Then it became too late.

NG: Although it really makes you wonder. Because now they've laid this thing at the doorstep of MCI. Now they're saying, "Now we're going to wash our hands of it, we're going to give it to the people at MCI." I don't know if you heard about that decision?

JM: Oh, yeah. I read it in the paper.

NG: Yeah, that was in the paper fairly recently. Makes you wonder about their commitment to that business to begin with.

JM: I don't think that makes you wonder about the commitment to begin with. It was just a deal that they needed to do with MCI. And that was a handy way to do it, and a handy way to get rid of this business with this difficult for them to management and losing money and everything.

NG: Well what about MARISAT? Now there is a system that goes actually relatively unnoticed although it's more successful than some of the others.

JM: Far more successful than any of our people thought it was going to be.

NG: Yeah. Now the thing is though, now that system was developed essentially originally for the Navy, and....

JM: Developed how?

NG: For the Navy....upon the assumption that the Navy would go ahead and buy the service for a certain amount of time and they would sort of phase out and we would be able to provide this service to other people. The Navy gets out early though. Was there a problem between COMSAT and the Navy?

JM: Not that I know of. If there was, I didn't know about it

anyway.

NG: Do you think that we needed a separate bureaucracy, I guess I should say, named INMARSAT that was outside of INTELSAT? Some people have said that we don't need those two systems, that we could have all had it in one system.

JM: Well, MARISAT, of course, had no business being in INTELSAT in the beginning. It was not an international agreement; it was with the Navy. MARISAT now, I really don't know enough about that.

NG: Okay. Because that also happened sort of during that time.

JM: I know about the creation of MARISAT and that kind of thing, but I don't know....

NG: I was thinking more about the creation of INMARSAT.

JM: I mean INMARSAT. INMARSAT, of course, I'm getting mixed up. INMARSAT was the international, and they've done far better than anybody thought they were going to do.

NG: What about when you decided to go in for this diversification: when you talked about the Environet concept

which brings you to ERT, SBS, INMARSAT, and whatnot. Was there an agreement among the Board Members about the direction that this kind of diversification should take?

JM: I think there was an agreement that we should have the diversification, but I'm not sure that there was any agreement about the Board except that they passed on each thing individually.

NG: Were there Board Members who felt that we should be either purchasing other kinds of companies, or getting into other developing other kinds of businesses that were overlooked; things that were proposed that didn't come to fruition?

JM: I don't know. Like what?

NG: I don't know. That's why I'm asking.

JM: I don't know. You've picked that up someplace else. I don't know.

NG: Actually, it's just a question. You were there in the meetings and you would have known who would have proposed what kinds of operations.

JM: I would if I remembered, but I don't think there was any

such thing.

NG: Let me just cite you a couple of statistics. In 1975, when you were still Board Chairman, the company for the first time recorded an ever declining growth rate--it had gone from 20%, the growth rate, in '72 to 7% in 1975. So that's a fairly big drop.

JM: From, how much?

NG: The growth rate went from 20% in '72 to 7% in '75.

JM: Uh, hum.

NG: What was the Board's response to that kind of decline? Here you are, you're in the midst of diversification but you're seeing a fairly sharp drop in the growth rate.

JM: Well, that's because of the diversification of course. I don't know, I worried about it. The diversification disturbed me, but anyway....

NG: Why was that?

JM: Well, if we could have, we just should have stayed in the highly profitable monopoly business.

NG: Oh, you think so? So you think maybe diversification wasn't such a good idea?

JM: Well, that's a big thing to disagree with, young lady. I don't know that it was possible to stay....now SBS for example, I helped negotiate. ERT, I shouldn't have let them do it. But anyway, we should have stayed really very close to the satellite business and the highly technical business. That's what we should have done and I think we would have been all right. And the growth wouldn't have done like it did. We got into all kinds of chicken feed businesses. It was not my doing. I was extremely proud of COMSAT, it was a great accomplishment to do what it's done. And it has a great reputation as a superb technically-oriented company. And to get into things which weren't of the same grade as what we were in, I think maybe was a mistake.

NG: Well, what about manufacturing? Do you think they should have gotten into manufacturing some of the parts and components and be essentially a supplier?

JM: Well, everybody tells me I'm crazy, yes, I don't think we should have gone in.

NG: You don't think so?

JM: No, but Irv Goldstein thinks I'm crazy.

NG: Why don't you think so?

JM: I just don't think we'd do well at it. I don't think we know that kind of thing. I've been in that myself, and I don't think our people know about it. Perhaps I'm telling you too much.

NG: You can never tell me too much.

JM: Yes, I can. All this goes in print and stuff, and I shouldn't be on record at all as saying this.

NG: Well, I have to tell you something. It's not going in print. I mean, you will get a copy of this, you will make your comments on the copy....

JM: All right.

NG: ...And it's not going to be published like this as a statement from Joseph McConnell.

JM: Well, I'm telling you the way I personally feel.

NG: That's how I'd want to hear it.

JM: Well, I think we'd been better off if we had stayed closer to home.

NG: Now let's talk about that a little bit, because you know, you were never a big advocate of this being a regulated business. Both you and Leo Welch come from big business, from the non-regulated areas, from very strong commercial backgrounds, you were never fond of the FCC....

JM: I never was fond of them, but I thought we got along with them pretty well 'til we had that damn fool rate thing.

NG: That rate case was a bear for the company. And I guess that their decision actually comes out in '75 and by '78 I think it's through the courts and settled.

JM: I can't remember.

NG: What happened in the rate case? What was your perception of the basic disagreement between the FCC and COMSAT?

JM: Well, they wanted us to reduce our rates too much. And I didn't agree with that, and I thought--this is where we got

off--and I thought we were double-crossed by the FCC. I told the Chief of the Common Carrier [Bureau] of the arrangement that we had made on what we were going to do on the rates, and he agreed with it. I said, "Now you talk to the Chairman of the FCC and I'm going to announce this at the stockholder's Meeting. If you all all have any disagreement with it, let me know before the stockholder's meeting." I never heard a word, so I announced it. Whereupon, all of a sudden the Chairman [of the FCC] calls Joe and says, "We can't approve this unless you go up to 25% instead of the 20%," as I remember we were. Well I thought that was a that's wasn't my way of doing things, and I kind of told them to go to hell. I figured out that it would take two or three years and in that time at the high rate we'd make enough money to compensate for what we might lose on it, you know.

NG: So, what you're saying is, you bought the company essentially three years.

JM: That's right.

NG: From '75 to '78 and recouped that money while the whole thing was in litigation.

JM: That's right. That's the theory I had.

NG: Not a bad theory.

JM: Not perfect. Maybe I should have agreed to the 25%. If I'd known--if the chairman [of the FCC]--if he'd called me and told me that he would never agreed to it, I might have been more flexible, but I thought they'd double-crossed me; letting me go out on a limb publicly like that, and then try to cut us down. I thought that was bad business. I never have talked to him about it, although he represents us in some stuff now, and I really think what happened is that damn fool Chairman [sic] of the Common Carrier Bureau just forgot to tell him.

NG: So you talked to Bernie Strassburg, was that who you talked to?

JM: No he wasn't there then.

NG: Asher Ende.

JM: I got along fine with him [Strassburg]. Had no trouble with Strassburg.

NG: Was it with Ende that you had the problem?

JM: Who?

NG: Asher Ende? Do you remember him? A little short guy.

JM: Endo, was that his name?

NG: Ende. Asher Ende, he was the....

JM: I don't think that was he.

NG: It wasn't him? Oh, no, you know it wouldn't have been. No, he would have just gotten...he would have just left the FCC by then.

JM: No, the fellow after Bernie. What was his name? I can't remember....Wasn't worth a damn.

NG: But so you say essentially that our relationships then with the FCC weren't necessarily as strained as some people might make out that they were?

JM: Oh, no, I don't think they were that strained. I think we got along very well with the FCC, considering everything.

NG: Do you think they wanted their hand in too much of

COMSAT's business?

JM: Well, they always wanted to do that with everybody's business.

NG: Do you think that COMSAT kept them successfully at bay a little bit?

JM: Well, I don't know. COMSAT was here in Washington, and we were interesting, and in the public eye, and I think they just were interested in it, I don't know if they had any malevolent goal about it.

NG: We talked a little about the rate base decision, let's talk about another decision that came up during your tenure as Chairman, which was the decision to go for the 50/50 split--satellite/cable, the split between satellite and cable traffic. Was that a bad decision, do you think?

JM: No, I think that was a damn good decision.

NG: Why?

JM: Because it protected us against the Telephone Company who could have done anything they wanted to do.

NG: Except, though--and this was a report that came out, I guess it was in '70 or '71--that said if you looked at the issue from a purely economic standpoint, that it was more cost effective, more economical, and better for the economy if we put more of our resources into satellite as opposed to cable. So, essentially what they did by giving them 50% was really protecting AT&T. Because if they made a purely economic decision....

JM: Well, the Telephone Company has never agreed to that you know. They say cables are a hell of a lot cheaper than satellites.

NG: Yeah, I know. But they also don't provide service to Mozambique.

JM: No, but that's not part of their business. Their business is, among other things, making money. And they're not going to make any money doing that. COMSAT was, of course, created by our government to do that kind of thing. I don't think that was a bad decision. As a matter of fact I always felt happy about it. We've got people in here that think we should have everything and the Telephone Company should have nothing, and we should do....I think, when I made that deal with the

Telephone Company, what do you call it? COMSAT, INMARSAT, not INMARSAT but....

NG: COMSTAR?

JM: MARISAT. [sic. COMSTAR]

NG: Oh, MARISAT. INMARSAT....

JM: We had to agree, as I remember, not to go into the domestic business otherwise at that point. Is that true? I can't remember, anyway. Great criticism from the technical people about that. They think you should just run over everything, you know. But that was a good deal, we made a lot of money out of that deal.

NG: What do you think is going to happen to COMSAT once they develop a usable technology for fiber optics?

JM: I don't know. That's beyond me.

NG: Do you think that's a tough one?

JM: I never have understood that, technically I'm in the dark area. I just don't know. Joe would know better about that

than I would.

NG: COMSAT worked very hard initially to keep 50% ownership of the earth stations--we'll sort of come back down to earth a little bit here--the ESOC, the organization that has maintained these earth stations, has always actually worked fairly well. The earth stations are being turned over now to AT&T--the domestic earth stations--what do you think that's going to mean for COMSAT?

JM: I don't know. That's kind of beyond my day.

NG: Okay. I'm just sort of trying to pick your brain a little bit....

JM: Yeah, well I really don't know. I knew it was going to happen, but I just didn't think about the consequences much.

NG: In 1980, you initiated a corporate reorganization essentially. Why was that necessary? What was in that for the company? What was going on inside the company that it was time for things to be different, structurally?

JM: Well, we were getting bigger for one thing. And we had some damn business management organization in here, what was

the name of that thing, Ms. Kline?

NG: You mean a consultant, Booz-Allen?

JM: No it wasn't Booz-Allen. It was the other one.

NG: Somebody like that?

JM: Yeah.

Ms. K: McKenzie?

JM: What was the name of it?

Ms. K: McKenzie?

JM: McKenzie. And they had a whole lot of rigamarol, and we needed to be more decentralized than we were and that was the purpose of that. And I think it, strangely enough, worked out pretty well.

NG: I'm going to ask you some real general questions, and get off some of the specifics that I've been asking you about. What have been your three biggest successes? What were your three biggest successes as Chairman of COMSAT?

JM: [Laughter]. Not sure I can qualify.

NG: Give me one. [Laughter.]

JM: Well, I would have thought--but this is obviously not been one--I would have thought that SBS would have been one. That was supposed to be a big thing; and it should have been. But obviously I can't claim that as a great success. I think the Telephone Company deal [COMSTAR] was a good deal, although I didn't consider that all that big. I don't know that I made any great big successes. I kind of ran along reasonably well but, the thing that I thought was going to be great was SBS; that turned out wrong.

NG: What about failures?

JM: What about what?

NG: What about failures? Do you want to talk about that? Say something that you thought, I mean, outside of SBS, which was a....the intention there was that it be big and the deal was relatively sound and there were some other factors that came into that.

JM: Well, our failures have been ERT, Amplica (I'm not sure I was Chairman of the Board, I was not Chairman of the Board). I told John Harper he shouldn't do it, I remember that. He did it anyway. I don't know, I'm sure that I made any great successes or any great failures, either one. We kind of progressed, when I took over profit-wise you know; we kept improving which I was trying to do. We had a stockholder in there one day, and he says, "COMSAT is not successful financially." And I went back and reviewed where we were and what we'd done. I'm not saying I had anything to do with it, until I left we were progressing financially very well--in spite of the damn SBS thing. Without that we would have been doing....

NG: Really good.

JM: Magnificently. I don't think I had any great successes or any great failures, either, except ERT and I knew I shouldn't do that when I did it. I just gave in to all the boys who wanted to do it.

NG: Yeah, there was a whole contingent around here that was very big on that idea.

JM: Well they were damn fools and I knew they were.

NG: I'm going to ask you to do me....to think about some of the people who worked as officers in the company, I don't want to talk about the Board members here. Who would you say were the four most important people in COMSAT and don't name Joe Charyk, don't name John Johnson?

JM: Well, you've cut me off, if you don't want me to name John Johnson. Well, I think George Sampson was.

NG: Okay. Why?

JM: Well, he was just a very able operating person and a hard working, conscientious, honest, in every way man. He's a fine man.

NG: Yeah, I just talked with him, he was wonderful.

JM: He's a fine man. Four more....we had a lousy financial man. I think David Acheson made some contributions.

NG: Yeah, he's a very strong person.

JM: Yeah, not everybody would agree with that.

NG: Why not?

JM: Well, he was strong. Some of them you know were competitive with Joe. Let's see. John is one of the best, but you've excluded him.

NG: Yep.

JM: Why?

NG: Because he's too obvious.

JM: Well, a lot of people don't think he's that obvious.

NG: Well, you know actually, there have been a number of criticisms about specifically his management of INTELSAT and that some of the member nations had some very...a lot of reservations about....

JM: He's not easy, you know.

NG: Yes, a very aggressive man.

JM: He's not easy, he was not easy on my Board. But I liked him and I think he made a great contribution. Now let's see,

I've only got one so far.

NG: No, you've got two. You can say David Acheson.

JM: David Acheson, that's right. Who else did we have around here, Ms. Kline.

Ms. K: What about that scientific man who worked with Dr. Charyk, he had been at RCA Lab and he had....

JM: Oh, yeah, what was his name?

Ms. K: I can't remember.

JM: You're getting senile, too.

NG: [Laughter]. We all are. I'm trying to think....

JM: We had a man around here....

Ms. K: Metzger.

NG: Sid Metzger.

JM: Metzger. Now he was a good man, but he was not really a doer, he was a thinker.

NG: Yeah, and he was sort of a technical type.

Ms. K: He was aggressive.

JM: We didn't really have....

NG: What about Matt Gordon during the time that you were here?

JM: Oh, he just wandered around with a lot of junk, I thought.

NG: Yeah.

JM: Do you disagree with that?

NG: I have no basis for disagreeing or agreeing. I just give you what I hear.

JM: Well, Matt Gordon would certainly think he qualified as one of the most important ones, but I don't think so. I liked him, and I think he did his job all right, don't misunderstand me. I was about to come to one other man...who was the fellow we got from MIT?

Ms, K: Oh, he was at the Labs.

JM: Do you remember who he was? He was head of the Labs for a long time.

NG: Harrington. Jack Harrington.

JM: He was no world beater, but he was a fully adequate man. To tell you the truth, we haven't had as many world beaters as we should have.

NG: What about Luke Battle?

JM: Oh, Luke Battle. I forgot about him. We ought to put Luke Battle in there ahead of Harrington.

NG: Why's that?

JM: Well, he had a lot of influence in the company and all good, Luke Battle was a fine man. Glad you thought of that. I would have felt badly leaving out Luke.

NG: That's my job to sort of think of these things.

JM: Huh? I've been trying to get him lately to find out....get him to tell me what was really going on in Egypt.

You know he was Ambassador, and he still keeps a lot of...but he's out of town.

NG: This is a speculation question. COMSAT now is in a somewhat difficult position. The FCC just agreed to this whole issue of separate systems--separate international systems.

JM: Silly, silly. Stupid!

NG: What's going to happen to COMSAT? I mean, you know this organization very well, how is it going to respond to that kind of a challenge?

JM: Well, I think they're going to do everything they can to keep it from actually happening, including whatever they can do with the legislature and so on. I rather doubt really that the FCC is going to get that done. Because that is a....oh, it has so many ramifications. First of all I think it's illegal, but then that's just me.

NG: Why do you think it's illegal?

JM: Because I think the Act gave us the exclusive position. Now that's not 100% clear, don't misunderstand me. But I think they did, and I think it would be a mistake....after all,

COMSAT hasn't done badly in fulfilling the goals that Congress set for them.

NG: Sure. It's done exactly what it was supposed to have done.

JM: That's right. It's done exactly what it was supposed to have done. And to try to mess with it is just people got nothing else to do, but just to mess with stuff that they should leave alone, and I think that will ultimately come out. I don't believe they're going to get that done. It's wrong. It's truly wrong in every way. It will keep COMSAT from going ahead and doing what it is supposed to do.

NG: So you just don't think it's going to happen?

JM: I don't think it's going to happen.

NG: Ultimately?

JM: I don't. I'm not so sure I'm not about the only one, but...

NG: But if it does happen, you know how this company is able to meet challenge....

JM: They'll work with it.

NG: You think so?

JM: Uh, hum. They'll have to.

NG: Well, that goes without saying. Are there any other issues, those are the questions that I had developed and thought about as I....

JM: Well, you did very well.

NG: Well, thank you very much. I've tried to learn a lot about this company. But are there any issues that I might have missed, things that come to your mind that maybe you feel like you just want to bring out a little bit more, things that I may have just overlooked totally about your tenure as Chairman; people that you may want to say something about that I might have neglected bringing up; people that were important; events or decisions that were important that I may have missed?

JM: Well, I've talked about the importance of Fred Donner and George Meany on the Board, both of whom were very important and very helpful. In later years Lew Foy has been very helpful and Pat Patterson. I don't think there is anymore. I rather think

of my administration as an administration. I think I was doing mostly administration rather than any....

NG: Keeping the organization going. Keeping it moving.

JM: Yeah, because we were going pretty good, you know. And we hadn't been, we hadn't been, we'd been kind of messing up. I hate to speak badly of McCormick, the poor fellow is dead, and he was a nicest fellow there ever was, but he was muddle-headed, I mean his Board Meetings were muddle-headed, he was not just a fellow that kept moving in line with the operation. And Joe, of course, who is the nicest fellow in the world, is not one to overcome that kind of thing. He's a scientist. I'm going to make a talk tonight at his retirement, and I was going to say that when I first got here, I was trying to understand some of the highly technical things that they were telling me. And I talked to a friend about it and he says, "Well," he says, "when those scientists talk to you," he says, "look at their ears, and, he says, "if their ears are wiggling, they're bragging," he says, "and then look at their nose, and if their nose is wiggling, they're exasperating," he says, "and then look at their mouth, and if it's open, they lying."

NG: [Laughter.] That's a great story, that's a great story.

JM: Of course, that's not true, but it was hard for me to understand the technical end of it. Matter of fact, I didn't hardly even try very much. I picked up enough to function.

NG: I've gotten all kinds of comments about your being strong, about your being decisive, about your leadership, are you a tough man to work with? Were you a tough man to work with? Were you hard on the people who worked with you?

JM: Ms. Kline's been with me how many years?

Ms. K: I've been with him since 1942.

NG: 1942. That's...[laughter.]

JM: Yes, I'm requiring. I'm requiring. But I'm not mean.

NG: I don't think you're mean.

JM: No, I'm not mean. I may give a fellow hell when he deserves it, but then that's that, and then I'm through with it. I learned that from a man I worked for who was a wonderful man, and he died as President of RCA--named Frank Folsom. Lord have mercy, he would chew you out from hell to breakfast, but

then that was the end. And if he didn't chew you out, you knew you were getting along all right.

NG: So, you always knew where you stood?

JM: That's right. And I try to be that way. And I'd try to contact the people by walking around and give them an opportunity to talk to me when they want to, so that they don't have to cross over organization lines, by doing it, that they can just talk to me because I happen to be there. And I try to stay reasonably close to the people.

NG: Did you get along with Joe Charyk while you were here?

JM: huh?

NG: Did you get along with Joe Charyk while you were here?

JM: We've never had a cross word. We've never had a cross word. That's chiefly because of Joe. Because he's an extremely nice fellow.

NG: He is.

JM: Very nice fellow. A highly intellectual fellow, and

dedicated to his work. He's given us a reputation of being a company with a great deal of technical expertise. We have, I think, that reputation. And I think, generally, that Joe is responsible for that, because he is a....first of all, Joe is a gifted speaker. He used to be a teacher at Princeton for eight years, I think, and I think he got accustomed to speaking, not only that, he likes to hear the sound of his voice, and so he speaks, and does it very well. And then when you get to graduate summa cum laude in nuclear physics at Cal Tech, you're bound have a modicum of intelligence.

NG: At least a few brains in your head.

JM: So I think he's given--I'm going to say that tonight--I think he's largely responsible for the reputation the company had of being a company with a great characteristic of scientific and highly technical organization.

NG: Do you think things are going to change a lot now that he's leaving?

JM: I beg your pardon?

NG: Do you think things will change a lot now that he's leaving?

JM: No, I don't think so. I think that may be the change a little bit, but I think the push forward will perhaps gain some impetus.

NG: Some more momentum, you mean.

JM: Uh, hum. Because you've got Goldstein who is a pusher and not in the wrong way, he's a good pusher, and you've got this fellow Joseph, who's a damn good man. Then you've got these people underneath now like, oh hell, what's the name of the fellow that did the NBC deal and is doing the....oh you know him, he's a hell of a good man. He wasn't in the position when I was Chairman. He is a good man. Ms. Kline, you know him. He wanders around here, stands around the hall half the time, you think he's doing nothing, but he's thinking.

NG: He's thinking. [Laughter.]

JM: Give me the book, give me the organization book, don't we have one?

Ms. K: Just the telephone directory.

JM: Oh, hell, you can't tell anything from the telephone book,

unless they have an organization in it.

NG: Yeah, I don't think this company has an organizational chart. Hasn't had one for many, many years.

JM: Yes they do, they keep showing me one.

NG: Well, they're making them up just for you.

Ms. K: Well, I'm not on their list.

JM: Hold on, let me see what you've got there. Oh, what's the boy's name? Cross over their and ask Mickey Alpert what the name of the fellow who runs....what the hell does he run? Who did the NBC deal and he's doing....

Ms. K: Okay.

JM: He's an excellent man.

NG: So you think that things aren't going to change significantly.

JM: No, it's going to improve. Not because that there is anything wrong with Joe, but because the new group will push harder than Joe, because Joe has been here since 1963, you know.

NG: Since the very first day.

JM: '62. First president. After all, that's over 20 years. And he has run the route. These new guys haven't run it and they are going to...they'll be much more disciplined around here, much more disciplined. They were more disciplined when I was here. They are not as disciplined as they ought to be.

NG: Do you think that's a difference between you and say Harper and Charyk as Chairmen?

JM: Yeah.

Ms. K: Is it Bill Mayo?

JM: No, Bill Mayo is under him, works for him.

Ms. K: Kinzie.

JM: Bob Kinzie, yes.

NG: Oh, Bob Kinzie, sure. He's a pusher.

JM: He's a good man.

NG: He's a pusher.

JM: Yeah, he gets things done. He's done the hotel thing and theMayo's under him and does a lot of it. Mayo's damn good, too.

NG: Sure.

JM: I think that the discipline in the company will improve. These guys will....Ms. Kline and I didn't have as little discipline as they seem to have now. John Harper was an easy-going, lovely, close friend of mine. He and I were devoted friends, competitors for many years, never spoke a kind word about each other, but we were devoted friends. Every now and then he'd get off on some God damn squeak about somebody doing something and most of the time he was overdoing it. But he was not a fellow....even at ALCOA, he didn't do that. He was a wonderful man.

NG: Because, he again was sort of step back, not as far as Jim McCormick, as far as being more....

JM: McCormick had no discipline at all.

NG: Yeah. I was going to say. Now Harper wasn't that way,

but he was more larssez-faire, if you will. Because you were very hands-on. You were known as a very hands-on chairman.

JM: What are the bad things they've said about me?

NG: No bad things.

JM: They should have.

NG: Okay.