

Comsat

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

January 22, 1971

MEMORANDUM FOR THE RECORD

David Acheson called on Monday, January 11, concerning addition of a chapter on "Remedies" to the Comsat response to the GAO Report on INTELSAT launch costs. After discussion with Mr. Whitehead, I called Milt Nomkin and conveyed the message that Mr. Whitehead hoped that Mr. Acheson would fully consider the potentially counter-productive effect adding such a chapter would have. Mr. Whitehead considers the draft response a balanced, objective appraisal and feels that a chapter on "Remedies" could add an undesirable emotional dimension to consideration of the question. I told Milt that Mr. Whitehead suggested that the potential of arbitration and resort to the Court of Appeals could be discussed informally with appropriate people in GAO but that a written statement to that effect could well generate undesirable results in terms of an impression of intimidation and an overly emotional response.

SD

Stephen E. Doyle

Chron
Gen. Counsel
ITT
Comsat
INTELSAT
FCC

January 22, 1971

Mr. J. R. McNitt
President
ITT World Communications Inc.
67 Broad Street
New York, New York 10004

Dear Mr. McNitt:

I have studied your letter of January 20 requesting that this Office support your Petition for Stay in the Matter of the application of Communications Satellite Corporation, FCC File No. 7-CSS-P-69.

Without at this time taking any position as to the optimum cable-satellite mix, and without commenting on the legal points at issue in your Petition, this Office cannot support any action at this late date to cancel the first INTELSAT IV launch, now in the final stages of its countdown. In addition to the economic wastefulness of such a move, serious international complications would be involved, since Comsat has already been committed to a January launch in its capacity as Manager for INTELSAT.

I realize, of course, that your principal concern is not the immediately impending launch, but rather the long-term issue of the relative roles to be assigned satellites and cables in our future transoceanic communications. As you may be aware, this Office is currently looking into that important question. We would welcome and indeed actively solicit, whatever assistance you feel you can provide.

Sincerely,

SIGNED

Clay T. Whitehead

cc: The Honorable Dean Burch

cc: Mr. Whitehead
Subject
Reading

NScalia/bss/5170/1-22-71

Dr. Mansur
ITT World Communications Inc. subsidiary of International Telephone and Telegraph Corporation

67 Broad St New York NY 10004

J. R. McNitt President

January 20, 1971

The Honorable
Clay T. Whitehead
Director
Office of Telecommunications Policy
Washington, D. C.

Dear Dr. Whitehead:

As you are aware, ITT World Communications Inc. filed with the Federal Communications Commission a "Petition to Stay" the effectiveness of the FCC's Order adopted September 25, 1968, which granted the Communications Satellite Corporation authority to participate in the construction of four Intelsat IV satellites. The Petition requested a stay of the effectiveness of such Order pending the filing by Comsat of appropriate applications for authority to launch specific satellites of that series with the complete showing of the need for such additional satellite capacity. It also requested that authority to launch any satellite in the Intelsat IV series be delayed until the FCC has established a policy governing the future licensing of overseas communication facilities. As you are also aware, Comsat now plans to launch the first Intelsat IV satellite January 22, 1971, or as soon thereafter as is feasible.

We strongly believe the following factors substantiate our position:

- a. There is more than sufficient capacity in existing facilities to meet telephone and record communications requirements in the Atlantic Basin area until late 1971.
- b. Since the time of the original grant to Comsat to participate in the Intelsat IV program, the FCC has entered into an inquiry

The Honorable
Clay T. Whitehead

- 2 -

January 20, 1971

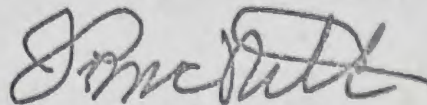
to determine a meaningful future policy regarding the licensing of overseas satellite and cable facilities. To date, this is pending, as the FCC is studying the comments filed therein.

c. A meeting between United States Government representatives, and representatives of European Telecommunications administrations is scheduled for February 1 and 2, 1971. The FCC will be represented at this meeting. We understand this meeting will involve discussions bearing on future licensing policy pertaining to overseas communication facilities.

Despite the fact that the FCC has not, as of this time, acted on our Petition, and has not specifically authorized the launch, Comsat intends to proceed. Since this action will result in satellite capacity far in excess of needs and create a very pronounced imbalance of satellite and cable facilities prior to the FCC decision on basic policy, we request that you intercede with the FCC to stay the launch until such time as the policy decision has been reached.

For your information, copies of our "Petition For Stay," Comsat's "Motion To Dismiss," and our "Opposition To Motion To Dismiss" are enclosed.

Very truly yours,



Enclosures

cc: The Honorable Dean Burch
Chairman, Federal Communications Commission

Friday 1/22/71

6:05 DR. MANSUR

John Mullin is calling from Comsat.
The launch of the Intelsat IV has been delayed temporarily
during the countdown. When they resume, they will
have 70 minutes left until launch time.

Wondered what you would like to do -- he will be
in his office until he hears.

554-6231

Comcast



DEPARTMENT OF STATE

Washington, D.C. 20520

Jan. 22, '71

Tom:

This answer to Joe C.

by N.H.J. is O.K.

- Abbott

UNDER SECRETARY OF STATE
FOR POLITICAL AFFAIRS
WASHINGTON

Jan. 21, 1971

(Handed by YAT to
Joe Charyk in a brief)

Dear Joe:

As I indicated when we spoke over the telephone on January 13, I am writing in response to your letter of December 29, 1970 outlining Comsat's concerns regarding the provision of U.S. launch services to other countries seeking to launch regional communications satellites. You mentioned specifically the discussions which we have had with the European Space Conference regarding possible European participation in the U.S. post-Apollo space program.

As I am sure you know, the conversations which we conducted with the Europeans were pursuant to an instruction from the President to the Department of State and NASA to do all possible to obtain substantial international, and particularly Western European, financial and other material participation in the post-Apollo space program. If such participation could be obtained it would result in substantial financial, technological and political benefits to the U.S. Government.

The authoritative U.S. Government position with respect to European participation in the post-Apollo space program is that contained in my letter of October 2, 1970 to Theo Lefevre, Chairman of the European Space Council, the text of which is contained in State Department message CA-5237 of October 9, a copy of which I am forwarding with this letter in the event you had not previously seen the full text. As that letter states,

The Honorable

Joseph V. Charyk,
President,

Communications Satellite Corporation,
950 L'Enfant Plaza, S.W.,
Washington, D.C.

the views set forth therein are preliminary and, in the case of the U.S. assurance of reimbursable launch services, entirely subject to a substantial European participation in the post-Apollo program on mutually agreeable conditions and terms.

Prior to and during the conversations with the ESC delegation, it was quite clear that a major consideration in a European decision to participate in a post-Apollo program was whether Europe could devote the resources now devoted to developing an independent launch capability to this purpose or whether such participation would be additive to their present launch program and thus require substantial additional resources. From the standpoint of over-all U.S. policy interests, as well as from the standpoint of doing the maximum to encourage European participation in the post-Apollo program, the former was the obviously preferred choice. I felt that such a choice would also clearly be in the interest of Comsat and INTELSAT.

If Europe were to abandon its effort to develop an independent launch capability, it was obviously and clearly interested in the availability of U.S. launches, both before and after the development of the new space transportation system, and much of the discussion, as well as my letter to Minister Lefevre, revolved around this point. In this regard, the portions of the letter pertinent to the interests of Comsat and INTELSAT are paragraphs 2, 4, and 11. Paragraph 2 states that launch services would be made available "for any peaceful purpose consistent with relevant international agreements." Paragraph 4 states that by "consistent with relevant international agreements" it is meant the "obligations of the U.S. and European countries as contained in such agreements as ... the INTELSAT agreement." Paragraph 11 states that in terms of draft Article XIV of the INTELSAT agreement as it was then proposed, the United States assurance "would apply in those cases where no negative finding is made by the appropriate INTELSAT organ, regardless of the position taken by the U.S. in the vote",

and that where there was a "negative finding by the appropriate INTELSAT organ" the U.S. could not obligate itself in advance to assure launch services.

During the informal and oral discussion which led up to these statements I made it specifically clear that I was not authorized, nor was I in any way purporting to interpret, modify or in any way negotiate on the language or meaning of Article XIV, as that was a matter solely to be handled within the framework of the INTELSAT negotiations. Minister Lefevre entirely concurred with this position.

Thus my discussion with Minister Lefevre of possible contingencies that could arise under Article XIV was entirely hypothetical. The hypothetical situation most discussed by us was that of a negative finding as to the economic compatibility of a regional communications satellite system based on a two-thirds vote of the Assembly. This followed from the language of draft Article XIV, which stipulates that "the Assembly of Parties ... shall express, in the form of recommendations, its findings." Thus the discussion of U.S. assurances of launch services was predicated on specific findings by INTELSAT, under the assumption that the absence of a specific recommendation by the Assembly of Parties would not constitute a finding, either positive or negative. I note from your letter of December 29, 1970, that this is also Comsat's view of the range of possible outcomes under the present wording of Article XIV.

However, there is an ambiguity in the wording of Article XIV which arises from the apparent possibility under the terms of that Article as currently drafted that the Assembly of Parties might fail to fulfill its obligation to make a specific finding if it were in fact unable to make any recommendation, either positive or negative, by a two-thirds vote. On the other hand, the interpretation of the intent of this Article held by important delegations to the INTELSAT Conference (including the U.S. Delegation) is that the failure of a positive recommendation to achieve a two-thirds vote automatically constitutes a negative finding. This

difference in interpretation clearly has an important bearing on the preliminary assurances of U.S. action in this contingency (that of a negative finding by the Assembly) as conveyed to Minister Lefevre and the ESC in my letter.

I believe that the resolution of this ambiguity in the wording of Article XIV is a matter for clarification within the framework of the INTELSAT negotiations and that the language of the INTELSAT definitive arrangements or the legislative history accompanying those arrangements should be clearly drawn so as to eliminate any possible ambiguity.

In an effort to resolve this problem and to reconcile the U.S. Government interests in the maintenance of a strong INTELSAT arrangement and in securing European cooperation in the post-Apollo program, I would propose now to proceed on the following course of action, which I hope will be satisfactory to you as well as to the other concerned parties:

A. The U.S. will support the U.S. INTELSAT Delegation's interpretation of Article XIV--namely--Article XIV requires the proponent(s) of a regional system to bear the burden of persuading two-thirds of the Assembly that the proposal will not cause significant economic harm to INTELSAT and will not prejudice the establishment of direct links to the global system: Failure to meet this requirement will be considered a negative finding.

B. The U.S. at an appropriate and early date, will inform the ESC of the U.S. position on Article XIV. Recognizing that this interpretation of Article XIV limits the launch commitment in my letter of October 2, 1970, and recognizing the need to enable the Europeans to make early decisions on participation in the post-Apollo program (possibly before the INTELSAT definitive arrangements have been brought into effect), the U.S. would propose to invite the Europeans now to identify the regional telecommunications satellites for which the ESC may wish to obtain U.S. launching services in the period prior to the

coming into effect of the new space transportation system (e.g., over the next decade), so that the U.S. could in turn provide an advance indication of our position on the suitability of these proposals under the criteria of INTELSAT Article XIV.


With respect to the period after the new space transportation system becomes operational, the ESC would be informed that the provision of U.S. launching services would continue to be governed by the principles set forth in my October 2, 1970, letter to Lefevre and in the discussions contemplated by the present proposal.

C. To implement this strategy vis-a-vis the Europeans, the U.S. would inform ESC that the U.S. Government has had the opportunity to review the meaning of Article XIV in depth and has also given further consideration to the question of the availability of launcher services pending the development of post-Apollo hardware. The U.S. would then set out its position on Article XIV and emphasize that it would help clarify the importance of the U.S. commitment to move the discussion to more specific grounds. We would therefore suggest that the European Space Conference prepare and submit to the U.S. a description of the international telecommunications satellites for which the ESC may wish to obtain U.S. launching services in the period prior to the coming on line of the new space transportation system. With respect to these proposals, the U.S. would undertake to determine, with reasonable dispatch, the position it would take in the INTELSAT Assembly were such specific proposals to be put forward. There would be every likelihood that any proposal in INTELSAT which had the support of both the European countries and the United States would obtain a two-thirds favorable vote. In accordance with the terms of the original Lefevre letter (paragraphs 2 and 11), the U.S. would be committed to provide launch services for any proposal which avoided a negative finding in the INTELSAT Assembly by thus attaining a two-thirds favorable vote. Also in accordance with the terms of the October 2 letter, the U.S. could not commit itself in advance to providing launch services for a proposal which failed to attain this margin of support.

I hope you will find this information helpful.

Sincerely,

U. Alexis Johnson

A faint, circular ink stamp is visible in the lower-middle portion of the page. The text within the stamp is illegible due to fading, but it appears to be an official seal or stamp.

January 26, 1971

To: Don Baker

From: Tom Whitehead

Per our conversation.

Copy of Pastor's letter

Wednesday 1/27/71

10:00 MR. SCALIA:

Tom asked if you would call Don Baker and tell him that we are hand delivering a copy of the Pastore letter to him this morning.

Asked that you ascertain that there is no strong ill-will on the part of the Antitrust Division and give Baker the feeling that we're not out to be their enemy.

THE SUNDAY STAR
Washington, D. C.
January 10, 1971

White House Denies Plan For Comsat

An administration official has denied reports that the White House is backing proposed legislation that would force major communications firms out of ownership and management of the Communications Satellite Corp.

In a prepared statement, Clay T. Whitehead, director of telecommunications policy within the executive office of the President, said:

"The Administration has formulated no specific views regarding this policy area and has no plans for the submission of legislation on this subject."

Whitehead's statement follows the earlier release of a Justice Department letter to Sen. Mike Gravel, D-Alaska, which recommended far-reaching legislation that would divorce American Telephone & Telegraph Co. and other communications giants from ownership and active participation in Comsat policies.

"The Justice Department letter was in response to Sen. Gravel's request for comments on specific draft legislation prepared by Sen. Gravel . . . The letter, therefore should not be interpreted as an administration endorsement of Sen. Gravel's proposal," the Whitehead statement said.

Justice Department sources said earlier that if the White House had strongly objected to the department's recommendations it would not have allowed the letter to be released to Sen. Gravel.



Comsat

COMMUNICATIONS SATELLITE CORPORATION

JOSEPH H. McCONNELL
Chairman of the Board

January 8, 1971

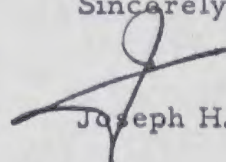
Honorable Abbott Washburn
Chairman, U. S. Delegation
INTELSAT Conference
Department of State
Washington, D. C. 20502

Dear Abbott:

I enjoyed talking to you very much, and I appreciate your call. I certainly will look forward to seeing you before too long.

Some time has elapsed since we sent our memorandum dated October 27, 1970, to Mr. Peter Flanigan. Of course, there has been quite a bit of conversation about the whole Conference since then with a good many people from Comsat, its Board, and otherwise. In fairness to you, I just don't want you to be misled. The memorandum still reflects the consensus of the Board's opinion of what we think are the minimum requirements in order for us to be able to sign the Agreement.

Sincerely,


Joseph H. McConnell

cc-Mr. Peter Flanigan
Dr. Clay T. Whitehead
Mr. J. A. Johnson
The Comsat Board of Directors

11/13/23

I have not
been able to
locate the
incoming.

Eva

Friday 1/8/71

ATNT

4:00

Mr. John Morton, WUI, called to ask for a copy of the original letter from Sen. Gravel to the Justice Dept. in February. After checking with Mr. Doyle, I told him he would have to get a copy from the Senator's office.

make copy
for
Cong Justice
Department
ATNT

February 8, 1969

Satellite Takes Position To Double Pacific Links

CAPE KENNEDY, Fla., Feb. 7 (AP)—A new commercial communications satellite successfully settled on station high over the Pacific today—in position to more than double telephone and television links among the United States mainland, Hawaii, Australia and Asian nations beginning March 3.

With a 27-second firing of a spacecraft motor, the new \$6-million satellite — designated Pacific 3 — shifted out of a

looping orbit into a circular path 22,300 miles above the Gilbert Islands. At that altitude, Pacific 3's speed matches the earth's rotation so the satellite remains in a seemingly stationary position.

The Communications Satellite Corp. is the manager for the 64-nation International Telecommunications Satellite Consortium, owner of Pacific 3.

Launched Wednesday, the satellite can handle 1200 two-way telephone conversations or four television broadcasts.

Of People . . .

Peterson Named to Comsat Board

Rudolph A. Peterson, president of the Bank of America, has been elected to the board of directors of Communications Satellite Corp. He will fill the vacancy created when David M. Kennedy resigned to become Secretary of the Treasury. Peterson will represent the public shareholders for the term ending May 13, at which time the management will ask shareholders to re-elect him. Peterson, 64, is a native of Svenljunga, Sweden, and came to the United States as a child. He joined the Bank of America in 1936 as a district manager, and by 1946 was a vice President. Later, he served as president of Allied Building Credits, then joined Transamerica Corp. and from 1955 through 1961 served first as executive vice president and then president of the Bank of Hawaii. He was elected vice chairman of the Bank of America in 1961, and president in 1963.



Peterson

Split AT&T From Comsat, Justice Asks

By STEPHEN M. AUG
Star Staff Writer

The Justice Department—presumably with White House backing—has called for legislation that would force American Telephone & Telegraph Co. and other major communications firms out of ownership and management of Communications Satellite Corp., it was learned today.

The department's far-reaching recommendations are expected to be opposed strongly not only by AT&T—which still owns 29 percent of Comsat stock—but also by such other giants of the communications industry as International Telephone & Telegraph Corp., Western Union, General Telephone & Electronics and RCA Global Communications Inc.

The department's recommendations also would have the effect of overturning several major Federal Communications Commission policy decisions. These include:

- The so-called "authorized user" decision under which the FCC ordered that, generally, Comsat may sell its services only to other communications firms—such as AT&T, ITT—and not directly to customers.
- The earth station ownership decision under which the FCC decided that Comsat should own only half of each earth station built, and that the communications firms should share ownership of the other half. Comsat

COMSAT

U.S. Seeking to End Ties to Major Firms

Continued From Page A-1
usually is the manager of these stations, which receive and transmit signals between the satellites and terrestrial equipment such as telephone lines.

The Justice Department's recommendations are contained in a letter sent two days ago to Sen. Mike Gravel, D-Alaska, who, it was understood, planned to make them public late today. Gravel asked some time ago that the department's antitrust division investigate the links between Comsat and the other communications firms. Justice's answer came from Assistant Atty. Gen. Richard W. McLaren, in charge of antitrust matters.

McLaren believes that the Communications Act of 1962, which set up Comsat, and later FCC decisions have resulted in activities that are contrary to long-standing antitrust law—principally those regulations that forbid a company from hav-

ing ownership and management interests over a competitor.

Gravel originally had asked the Justice Department to study AT&T ownership and its placement of company officials on the Comsat board. AT&T owns 2.9 million Comsat shares. Other communications firms own another 200,000. The second largest owner is ITT, with about 100,000 shares.

ITT and other firms have sold most of their Comsat shares. Under the 1962 act that set up the corporation, communications firms could own 50 percent of Comsat stock, and the public the remainder.

Under the original plan, there were 15 directors—six publicly elected, six from communications firms and three appointed by the President. At present, however, there are only four directors representing communications firms; three are from AT&T. The number of communications firm directors has declined as the firms have sold their Comsat stock.

Aside from selling its services to the other communications firms, Comsat competes with them. Thus there are continuing scraps at the FCC over whether international communications should be transmitted via cable—owned largely by AT&T—or by satellite.

The Justice Department believes that true competition between the competing modes of communication can be accomplished only by divorcing Comsat entirely from the other companies.

Although the Justice Department viewpoint is expressed in a letter signed by McLaren, informed observers suggested it would not have been sent had there been strenuous objections elsewhere in the administration.

AT&T purchased its 2.9 million shares of Comsat for \$38 million in 1963. At present market prices its holdings are worth about \$145 million.

Officials at AT&T had no immediate comment.

Comsat officials have maintained silence apparently because AT&T not only is a major owner and is represented on the board, but also is Comsat's biggest customer. Comsat has, however, urged the FCC to re-

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

January 7, 1971

PRESS RELEASE

Clay T. Whitehead, Director of Telecommunications Policy, when informed of a press release today by Senator Mike Gravel concerning correspondence with the Department of Justice on changes in ownership of the Communications Satellite Corporation, issued the following statement:

"The ownership and organization of U. S. communications carriers for the provision of international communications services to and from the U.S. is one of many-important policy areas for which the OTP has responsibility within the Executive Branch. The Administration has formulated no specific views regarding this policy area and has no plans for the submission of legislation on this subject.

"This is a particularly important and complex area of communications policy that goes beyond antitrust concerns alone. The OTP will take into account all pertinent considerations before deciding what, if any, policy recommendations and legislative proposals will best serve the national interests.

"The Justice Department letter was in response to Senator Gravel's request for comments on specific draft legislation prepared by Senator Gravel. While individual departments respond to queries from Members of Congress regarding particular legislative proposals in the ordinary discharge of their responsibilities, such department comments should not be interpreted as an Administration recommendation of such proposals.

"The Justice Department letter, therefore, should not be interpreted as an Administration endorsement of Senator Gravel's proposal. "

January 7, 1971

Cm...



NEWS

from U.S. Sen. MIKE GRAVEL, ALASKA

For Release Upon Receipt

Contact: Marty Wolf
(202) 225-6665

WASHINGTON, D. C. -- The Nixon Administration has endorsed Senator Mike Gravel's (D-Alaska) contention that communications carriers should be "eliminated" from the Board of Directors of the Communications Satellite Corporation (COMSAT).

Senator Gravel today released a White House-cleared letter from Assistant U.S. Attorney General Richard W. McLaren in which the antitrust chief said, "a good case can be made for eliminating the direct carrier influence over Comsat."

The Justice Department letter was in reply to a Gravel letter of February 12, 1970, requesting the Administration's views on the Senator's proposed legislation to remove carrier representatives from COMSAT's board and forcing the carriers to divest themselves of some \$140,000,000 of Comsat's stock.

Last February 12, Senator Gravel had written McLaren that "There is little doubt that directors gain access to inside information and to intimate cost factors of any organization of whose board they serve."

The Assistant Attorney General agreed. He wrote Gravel that the Communications Satellite Act of 1962 "ignored traditional policies that restrict common ownership and control" of competitors.

((Carriers own over 35% of COMSAT stock. AT&T alone has 29%.))

Senator Gravel has been critical of Comsat's inherent weaknesses to provide needed public services at low cost and lack of aggressive management against competitors.

Criticism of Comsat's weaknesses "has been reinforced by experience," said McLaren and he went on to cite several antitrust provisions against situations similar to those wherein the carriers obviously overpower Comsat management.

In a statement on the floor of the Senate last September 10, Senator Gravel had again attacked AT&T's role in Comsat's management while AT&T was announcing its intention to lay another underwater trans-Atlantic cable in competition to satellite communications.

At that time, Senator Gravel attacked influence over "Comsat's financial life-and-death" and said the whole communications issue was not one of free competition but a game played with "a set of loaded dice."

(continued)

"Since 1962 we have learned a great deal about satellite communications that we did not know during the debates preceding enactment of the COMSAT Act," said Senator Gravel. "I believe it will be far easier now to correct mistakes of the past," he added.

Senator Gravel said his new legislation would remove the carriers from Comsat's board by January 1, 1972, and force them to divest themselves of Comsat stock by January 1, 1973.

McLaren also informed Senator Gravel that changes might be required in past positions taken by the Federal Communications Commission. Senator Gravel agreed but added that, "The FCC has taken several encouraging new steps recently on this issue." ?

Senator Gravel added, "This is a complex subject and the position taken by the Justice Department is an important benchmark as regards a serious antitrust warning and a cry for corrective legislative action."

"The whole area of social and public applications and the improvement and quantity of all services, including educational television and public broadcasting, are very much involved," he said.

On September 18, 1969, Senator Gravel had introduced a bill to break the FCC earth station policy at that time of split ownership between Comsat and the carriers. The White House position paper on telecommunications on January 23, 1970, generally supported the Senator's thesis and the legislation was allowed to die in committee. Senator Gravel felt that the FCC under a new chairman should have time to adjust to the new White House guidelines.

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Department of Justice

Washington, D.C. 20530

JAN 5 1971

JAN 6 3 37 PM '71

OFFICE OF
SENATOR
MIKE GRAVEL

Honorable Mike Gravel
United States Senate
Washington, D. C. 20510

Dear Senator Gravel:

This is in response to your letter of February 12, 1970, requesting comments from the Antitrust Division on a proposed draft amendment to the Communications Satellite Act of 1962 as amended ("1962 Act"), 47 U.S.C. §§701-744. This draft amendment would, if enacted, eliminate direct control over the Communications Satellite Corporation ("Comsat") by the terrestrial communications common carriers ("carriers"). It would do so by (i) barring any representatives of the carriers from sitting on the Board of Directors of Comsat after January 1, 1971, and (ii) barring carriers from owning any shares of Comsat stock after January 1, 1972.

In general, we would favor enactment of legislation along these lines to eliminate direct carrier control or influence over Comsat. Such a step, combined hopefully with some modification of regulatory constraints on Comsat's activities (discussed below), would significantly enhance Comsat's competitive potential.

The 1962 Act was a compromise. It ignored traditional policies that restrict the common ownership and control of competing modes of regulated business (e.g., 49 U.S.C.A. §5(14); 49 U.S.C.A. §78; 47 U.S.C.A. §314). Instead the 1962 Act provided for extensive carrier ownership of Comsat stock and for six carrier nominees as directors of the corporation. As a result carriers controlled half the shares and more than a third of the directors. American Telephone & Telegraph Company (AT&T) alone is by far the largest Comsat stockholder, with 29 percent of the stock and 20 percent of the Board.

From the outset, this arrangement has been criticized as being inconsistent with the stated Congressional mandate "that the corporation created [i.e., Comsat] . . . be so organized and operated as to maintain and strengthen competition in the provision of communications services to the public"

(47 U.S.C.A. § 701(c)). (See, e.g., Legislation Note, The Comsat Act of 1962, 76 Harv. L. Rev. 388, 398 (1962)). This criticism has been reinforced by experience. (See, e.g., Schwarz, Comsat the Carriers, and the Earth Stations - Some Problems with "Melding Variegated Interests," 76 Yale L. J. 441 (1967); Report of the President's Task Force on Communication Policy (1968), Chap. 2, p. 15).

Moreover, the carriers' stockholding and directorship arrangements in Comsat are contrary to the normal antitrust prohibitions against anticompetitive stock acquisition and director interlocks contained in Clayton §§7, 8 (15 U.S.C. §§18, 19). The prohibition of Clayton §7 applies where minority ownership results in the probability of anticompetitive consequences, U.S. v. duPont, 353 U.S. 586, 592 (1957); and, because of the "opportunity thereby afforded to . . . compel a relaxation of the full vigor of . . . competitive effort," the prohibition applies with equal force to directors appointed by such minority owner. Hamilton Watch Co., v. Benrus Watch Co., 114 F. Supp. 307, 317 (D. Conn. 1952), aff'd 206 F. 2d 738 (2d Cir. 1953). Under §8 of the Clayton Act, interlocking directorates among competitors are per se violations. U.S. v. Sears, Roebuck & Co., 111 F. Supp. 614 (S.D. N.Y. 1953).

In these circumstances, we believe that a good case can be made for eliminating the direct carrier influence over Comsat flowing from their shareholding and directorships. This approach is consistent with the Department's original position in 1962 when the Attorney General emphasized that we "place great importance on competition because the communications industry is particularly susceptible to domination by one company -- AT&T." (Hearings on H.R. 10115 and H.R. 10138 Before the House Committee on Interstate and Foreign Commerce, 87th Cong., 2d Sess., pt. 2 at 565 (1962) (testimony of Attorney General Kennedy)). Moreover, it is consistent with the policy of this Administration of placing "more reliance on economic incentives and market mechanisms in regulated industries" so that "increased competition will eventually make it possible to let market forces assume more of the role of detailed regulation" in communications (Economic Report of the President 108-109 (1970)).

The problem is, however, only partially one of the Comsat corporate arrangements covered by the draft legislation. Regulatory decisions by the Federal Communications Commission have been at least as significant a factor in limiting Comsat's

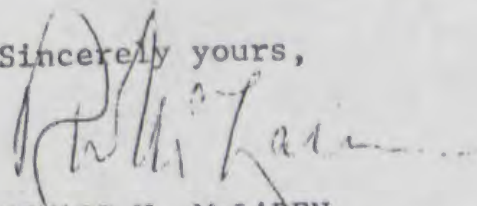
competitive potential vis-a-vis existing carriers.

Of particular significance is the FCC's Authorized User decision, 4 F.C.C. 2d 421 (1966), in which the Commission unanimously ruled that Comsat was to be only a "carriers' carrier," precluded from retailing its services direct to users (including the Government), except under "unique or exceptional circumstances" to be determined by the Commission. However, because the Commission declared that it would authorize direct Comsat service absent a reduction in the carriers' rates "fully to reflect the economies made available through the leasing of circuits in the satellite system," some potential competition remained and was reflected in some very substantial rate reductions made by the carriers.

This decision was followed the same year by the Commission's Earth Station decision further reducing Comsat's potential to compete vigorously with the carriers. 5 F.C.C. 2d 812, 816 (1966). Here the Commission decided (reversing an earlier decision, 38 F.C.C. 1104 (1965)) that Comsat had to share ownership of all earth stations with the carriers: 50 percent was to be owned by Comsat, with the balance apportioned among the other carriers on a use basis. The day-to-day management, and apparently, all equipment design and procurement of the earth stations are thus made by a joint operating committee made up of Comsat and the carriers.

To summarize, we favor generally some legislation along the lines of the proposed amendments, in order to eliminate direct carrier control or influence over Comsat. However, unless combined with at least some reversal of the FCC's decisions protecting existing carriers from satellite competition, such legislation is not likely to enhance significantly Comsat's competitive potential.

Sincerely yours,



RICHARD W. McLAREN
Assistant Attorney General
Antitrust Division



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF TELECOMMUNICATIONS POLICY

ANNUAL REPORT

January 1 - December 31, 1970

on

Activities and Accomplishments

under the

Communications Satellite Act of 1962

COMMUNICATIONS SATELLITE CORPORATION

MEMORANDUM

Sr Whitehead

ROBERT E. BUTTON
Director of Governmental
and Foundation
Relations

1/7/71

- per our conversation -

R.E.B.



In the wings

If Senator Robert Dole (R-Kan.) gets appointment to chairmanship of Republican National Committee, it might hasten patronage shake-up at upper levels of FCC staff. He would be 'privy to inside of FCC because' his constituent and friend, Commissioner Robert Wells, has been on that troubled agency more than year. It's hardly secret that intra-party complaints have been made about slow turnover in super-grade and other influential positions. Mr. Wells, who was drafted from broadcasters' ranks, not only knows where patronage bodies are, but also those who foment mischief.

Seven at last

FCC in week beginning Jan. 4 is expected to get full crew of seven members for first time since Commissioner Kenneth A. Cox left on Sept. 1 and to have Republican majority for first time since 1961. With Congress preparing to adjourn without Senate action on President Nixon's nominations of Commissioner Robert Wells to full term succeeding Mr. Cox and of Thomas J. Houser to six months remaining in Mr. Wells's term, which ends June 30, White House reportedly will make recess appointments after 91st Congress ends, perhaps as late as Jan. 3. This would permit Mr. Houser to begin serving immediately. President will have to re-submit names to Senate within 40 days after new Congress convenes, if they are to continue being paid.

Meanwhile there were authoritative reports that Mr. Houser will be more than six-month wonder. He's still slated to be replaced by Representative Charlotte Reid (R-Ill.), who is to get full-term appointment. But commissioner may serve until successor is nominated and confirmed, and White House sources say Mr. Houser may be left in job for close to year.

Burch's last year?

Whispered about FCC is report that Dean Burch will be bowing out of FCC chairmanship this year. But it lacks corroboration. When Arizona attorney assumed position 14 months ago he said FCC wouldn't be his career. There's speculation he would be logical successor to Senator Barry Goldwater, his mentor, who has announced he contemplates retirement to spend more time with his family, but hasn't said when. Mr. Goldwater's term doesn't end until 1975; Mr. Burch's FCC term runs until 1976. It's no secret that life at FCC has had its frustrations for Mr. Burch, aggravated by his inability to muster Republican majority. He has been hampered by other personnel problems, too.

December 24, 1970

Hawaii speech
TW-Inv. regretted
Chron
✓ Comsat
Future meeting

Mr. George Beinetti
President
Rochester Telephone Corporation
100 Midtown Plaza
Rochester, New York 14604

Dear George:

It was good to hear from you again even though you did have to rub in the fact that you got five weeks in Hawaii, while I barely had four days. In any event, I am sure you enjoyed it.

I would certainly enjoy taking you up on your invitation to visit in Rochester although I find it is increasingly difficult to break away. Perhaps we could get together, however, on one of your regular visits to Washington. I would enjoy talking with you, both about the telephone business and Comsat matters. I am sorry I missed you the last time you were in town, but perhaps we can plan ahead a little bit and have lunch or dinner if you have the time.

Belated best wishes for the Holiday Season.

Sincerely,

Clay T. Whitehead

CTWhitehead:ed

cc: Steve Doyle

Office of Telecommunications Policy
Route Slip

7 DEC 1970

To

_____	Clay T. Whitehead	_____ /
_____	George F. Mansur	_____
_____	William Plummer	_____
_____	Wilfrid Dean	_____
_____	Steve Doyle	_____
_____	Walt Hinchman	_____
_____	Charles Joyce	_____
_____	William Lyons	_____
_____	Should get the	_____
_____	Annual Repats	_____
_____	Eva Daughtrey	_____
_____	Timmie White	_____
_____	Judy Morton	_____

REMARKS

① Do you want to meet with him
in conjunction with the Dec. or Jan
Comset Board meetings?
no

② Do you want to go to Rochester?
in Dec?!



ROCHESTER TELEPHONE CORPORATION

100 MIDTOWN PLAZA
ROCHESTER, NEW YORK 14604

AREA CODE 716
921-2121

GEORGE S. BEINETTI
PRESIDENT

December 4, 1970

Honorable Clay T. Whitehead, Director
Office of Telecommunications Policy
Executive Office of the President
Washington, D. C. 20504

Dear Tom:

This date seems like ages from the convention calendar and certainly a long time since your considerate note was received in my office. I should have beaten you to the punch on a "thank you" note, because you made such a major contribution to what, in total, was an excellent program.

But, Annette and I remained in Hawaii - on the Big Island - for five weeks and were joined by our kids and their kids, and really had a delightful reunion. I returned to the office on November 23 and have been catching up ever since. This climate is hardly the place for Aloha shirts, incidentally, because it's snowing like a blizzard here now.

I hope I expressed my personal gratitude to you for being with us in Hawaii, and certainly the entire association feels that way. The fact that you did have an opportunity to meet other industry people is a plus for us, because I don't believe a more dedicated and responsibility-conscious group exists.

Even though past presidents are "for the birds," I still hope to remain active in USITA and, consequently, will be in Washington from time to time. And so long as I remain on the Comsat board there will be regular visits which could provide an opportunity to meet again. I certainly will look forward to that.

In reverse, should you ever have the interest and the time to visit us in Rochester, it would be a great pleasure to acquaint you with our operation. Since we are a compact and modern plant, I feel sure we could be helpful to you in getting an overview of a total telecommunications complex. Vague invitations, I realize, don't mean much, but I leave it to you and assure you that anytime, under any circumstances, and for whatever duration, we would love to show you around. In that connection, I'm sending along under separate cover our latest Annual Report plus the previous one which more comprehensively covered our "Biggest Decade."

Thanks again, Tom. Let's keep in touch.

Sincerely,

Monday 12/7/70

12/17, 18 or 19
1/20/71

3:10 As instructed, Steve called Crawford in Flanigan's office to report on your plans for the December 18 Comsat meeting with selected board members (for Pete Flanigan's information only) and your anticipated meeting with selected members of the CPB board, (around January 20), to which Mr. Flanigan was invited if he would like to attend.

Crawford called to say Mr. Flanigan suggests that he (Crawford) attend both meetings on Pete's behalf if you have no objection. Steve told Crawford he did not know what your plans for these meetings were in terms of other participants but that he would call him back.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

DIRECTOR

December 11, 1970

Mr. Joseph H. McConnell
Chairman
Communications Satellite Corporation
950 L'Enfant Plaza South, S. W.
Washington, D. C. 20024

Dear Joe:

The memorandum you provided to Peter Flanigan and me has been useful to me and to Abbott in helping focus discussion and plan strategies for the INTELSAT Conference proper. I have had meetings with Ab Washburn, U. Alexis Johnson, Bert Rein, Joe Charyk, John Johnson, and other Delegation members, and matters appear to be on track at this time.

I know you understand that, as Director of Telecommunications Policy, I have a broad interest in the health of the communications industry in general and in Comsat, as a significant entity, in particular. You may know that prior to your election as Chairman of the Board I had occasion to meet informally with the Presidentially appointed members of the Board to discuss matters of general importance to the future of Comsat. Now that OTP is established and beginning to deal with some of the more pressing policy issues, many of which affect Comsat, I believe that another such session with you and those Board members would be useful in the near future. I would be pleased if you and they would join me for an 8:00 breakfast at the White House Mess when you will all be in town again.

Sincerely,

Clay T. Whitehead

cc: Mr. Whitehead
Mr. Doyle
SEDoyle:jm

Chron
INTELSAT
State Dept.
Comsat
Future Meetings

Carroll

December 11, 1970

To: Don Baker
Dept. of Justice

From: Tom Whitehead

No objection from OTP.

REMARKS

Steve - Roy staff comment?

Steve: I agree fully with Justice's analysis + suggestions.
WRH

Nino? - Accord. The next problem
Tom: is how you go about getting FCC
to change its policy. By statute
too? And if so, ~~it~~ may not
work be better? ~~it~~ i.e. may it
not be better to leave the entire
problem unresolved + festering so that
complete cure can eventually be
obtained rather than to accept a
bill that only goes half way.
A

OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON

Return copy to Baker
w/ "No objections"
from OTP.



UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the
Division Indicated
and Refer to Initials and Number

RWMcL:DIB
60-416-0

November 19, 1970

Honorable Clay T. Whitehead
Director
Office of Telecommunications Policy
Room 749
1800 G. Street, N.W.
Washington, D. C.

Dear Tom:

You will recall that many months ago, we prepared a response to a letter from Senator Mike Gravel requesting our views on a proposed statute to eliminate common carrier stockholding and directorships in Comsat.

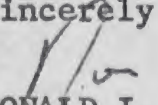
Your comment at the time was that, while you did not disagree with the conclusions, you felt that the analysis was a little too detailed. Finally, I have gotten around to paring it down along these lines. I now enclose a copy of this more modern version.

The FCC also objected to the paragraphs at the end on their regulatory activities. I intend to stick to my guns on these provisions, since I feel that if we do not include them, comments are not meaningful.

No doubt you will get this letter in due course through the normal Budget clearing process. I hope that it is satisfactory for your purposes. I don't think that it would be possible to simplify the matter much further.

Best wishes.

Sincerely yours,


DONALD I. BAKER
Deputy Director of Policy Planning
Antitrust Division

Honorable Mike Gravel
United States Senate
Washington, D. C. 20510

Dear Senator Gravel:

This is in response to your letter of February 12, 1970, requesting comments from the Antitrust Division on a proposed draft amendment to the Communications Satellite Act of 1962 as amended ("1962 Act"), 47 U.S.C. §§701-744. This draft amendment would, if enacted, eliminate direct control over the Communications Satellite Corporation ("Comsat") by the terrestrial communications common carriers ("carriers"). It would do so by (i) barring any representatives of the carriers sitting on the Board of Directors of Comsat after January 1, 1971, and (ii) barring carriers from owning any shares of Comsat stock after January 1, 1972.

In general, we would favor enactment of legislation along these lines to eliminate direct carrier control or influence over Comsat. Such a step, combined hopefully with some modification of regulatory constraints on Comsat's activities (discussed below), would significantly enhance Comsat's competitive potential.

The 1962 Act was a compromise. It ignored traditional policies that restrict the common ownership and control of competing modes or regulated business (e.g., 49 U.S.C.A. §5(14); 49 U.S.C.A. §78; 47 U.S.C.A. §314). Instead the 1962 Act provided for extensive carrier ownership of Comsat stock and for six carrier nominees as directors of the corporation. As a result carriers controlled half the shares and more than a third of

Directors. American Telephone & Telegraph Company ("AT&T") alone is by far the largest Comsat stockholder, with 29 percent of the stock and 20 percent of the Board.

From the outset, this arrangement has been criticized as being inconsistent with the stated Congressional mandate "that the corporation created [i.e., Comsat] . . . be so organized and operated as to maintain and strengthen competition in the provision of communications services to the public" (47 U.S.C.A. §701(c)). (See, e.g., Legislation Note, The Comsat Act of 1962, 76 Harv. L. Rev. 388, 398 (1962). This criticism has been reinforced by experience. (See, e.g., Schwartz, Comsat the Carriers, and the Earth Stations - Some Problems with 'Melding Variegated Interests', 76 Yale L. J. 441 (1967); Report of the President's Task Force on Communication Policy (1968), Chap. 2, p. 15).

Moreover, the carriers' stockholding and directorship arrangements in Comsat are contrary to the normal antitrust prohibitions against anticompetitive stock acquisition and director interlocks contained in Clayton §§ 7, 8 (15 U.S.C. § 18, 19). The prohibition of Clayton §7 applies where minority ownership results in the probability of anticompetitive consequences, U.S. v. duPont duNemours & Co., 353 U.S. 586, 592 (1957); and, because of the "opportunity thereby afforded to . . . compel a relaxation of the full vigor of . . . competitive effort," the prohibition applies with equal force to directors appointed by such minority owner. Hamilton Watch Co., v. Benrus Watch Co., 114 F. Supp. 307, 317 (D. Conn. 1952), aff'd 206 F.2d 738 (2d Cir. 1953), under §8 of the Clayton Act, interlocking directorates among competitors are per se violations. U.S. v. Sears, Roebuck & Co., 111 F. Supp. 614 (S.D. N.Y. 1953).

In these circumstances, we believe that a good case can be made for eliminating the direct carrier influence over Comsat flowing from their shareholding and directorships. This approach is consistent with the Department's original position in 1962 when the Attorney General emphasized that we "place great importance on competition because the communications industry is particularly susceptible to domination by one company -- AT&T." Hearings on

H.R. 10115 and H.R. 10138 Before the House Committee on Interstate and Foreign Commerce, 87th Cong., 2d Sess., pt. 2 at 365 (1962) (testimony of Attorney General Kennedy)) Moreover, it is consistent with the policy of this Administration of placing "more reliance on economic incentives and market mechanisms in regulated industries" so that "increased competition will eventually make it possible to let market forces assume more of the role of detailed regulation" in communications (Economic Report of the President 108-109 (1970)).

The problem is, however, only partially one of the Comsat corporate arrangements covered by the draft legislation. Regulatory decisions by the Federal Communications Commission have been at least as significant a factor in limiting Comsat's competitive potential vis-a-vis existing carriers.

Of particular significance is the FCC's Authorized User decision, 4 F.C.C. 2d 421 (1966), in which the Commission unanimously ruled that Comsat was to be only a "carriers' carrier," precluded from retailing its services direct to users (including the Government), except under "unique or exceptional circumstances" to be determined by the Commission. However, because the Commission declared that it would authorize direct Comsat service absent a reduction in the carrier's rates "fully to reflect the economies made available through the lessing of circuits in the satellite system," some potential competition remained and was reflected in some very substantial rate reductions made by the carriers.

This decision was followed the same year by the Commission's Earth Station decision further reducing Comsat's potential to compete vigorously with the carriers. 5 F.C.C. 2d 812, 816 (1966). Here, the Commission decided (reversing an earlier decision, 38 F.C.C. 1104 (1965)) that Comsat had to share ownership of all earth stations with the carriers: 50 percent was to be owned by Comsat, with the balance apportioned among the other carriers on a use basis. The day-to-day management, and apparently, all equipment design and procurement decisions of the earth stations are thus made by a joint operating committee made up of Comsat and the carriers.

To summarize, we favor generally some legislation along the lines of the proposed amendments, in order to eliminate direct carrier control or influence over Comsat. However, unless combined with at least some reversal of the FCC's decisions protecting existing carriers from satellite competition, such legislation is not likely to enhance significantly Comsat's competitive potential.

Sincerely yours,

RICHARD W. McLAREN
Assistant Attorney General
Antitrust Division

Comsat

Monday 12/7/70

MEETING

12/7/70

12:30 p. m.

11:25 Steve advises that the luncheon with
Dr. Charyk and Dave Acheson concerns a discussion
of the Pausch letter and Comsat's interests in that
letter -- European views on satellites and cables.

FCC

Monday 12/7/70

MEETING

12/7/70

12:30 p. m.

9:50 This is the subject of the meeting with Dr. Charyk and
Dave Acheson at luncheon today at 12:30 at the Met Club.

STATE - A.I.D. - USIA ROUTING SLIP				DATE 11/25/70		
TO:	Name or Title	Organ. Symbol	Room No.	Bldg.	Initials	Date
1.	Mr. Whitehead	OTP				
2.						
3.						
4.						
5.						

<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> For Your Information	<input type="checkbox"/> Note and Return
<input type="checkbox"/> As Requested	<input type="checkbox"/> Initial for Clearance	<input type="checkbox"/> Per Conversation
<input type="checkbox"/> Comment	<input type="checkbox"/> Investigate	<input type="checkbox"/> Prepare Reply
<input type="checkbox"/> File	<input type="checkbox"/> Justify	<input type="checkbox"/> See Me
<input type="checkbox"/> For Correction	<input type="checkbox"/> Necessary Action	<input type="checkbox"/> Signature

REMARKS OR ADDITIONAL ROUTING

FROM: (Name and Org. Symbol) E/TD: Thomas E. Nelson	ROOM NO. & BLDG.	PHONE NO.
--------------------------------------------------------	------------------	-----------

DER BUNDESMINISTER FÜR DAS POST- UND FERNMELDEWESEN

Der Bundesminister für das Post- und Fernmeldewesen • 53 Bonn 1 • Postfach 8001

Mr. Nelson,
Acting Director Officer of
Telecommunications,
Department of State

Washington, D.C. 20520
USA

Ihr Zeichen
Votre référence
Your reference

Ihre Nachricht vom
Votre lettre du
Your letter of

Meine Nachricht vom
Ma lettre du
My letter of

Mein Zeichen
Ma référence
My reference

Bonn

II Ka 4214-0/20

November 17, 1970

Betreff/Objet/Subject

Dear Mr. Nelson,

Permit me to send you for your information a copy of a letter which I addressed to Federal Communications Commission on behalf of European administrations and operating agencies as the result of a meeting which was held in Munich on November 2 and 3, 1970. May I assume that you are also of the opinion that the questions which have been dealt with in that letter should be discussed in detail during a joint meeting and that a solution should be found to them.

Enclosures:

Copy of the letter addressed
to FCC with Annex

Sincerely,

By direction of the Minister

Preßler
Preßler

Der Bundesminister für das Post- und Fernmeldewesen - 53 Bonn 1 - Postfach 8001

Federal Communications Commission
Attention:
The Honorable Dean Burch,
Chairman

Washington, D.C. 20554

Ihr Zeichen
Votre référence
Your reference

Ihre Nachricht vom
Votre lettre du
Your letter of

Meine Nachricht vom
Ma lettre du
My letter of

Mein Zeichen
Ma référence
My reference

Bonn

II Ka 4214-0/20

November 17, 1970

Betreff/Objet/Subject

Dear Mr. Burch,

A meeting was held in Munich on November 2 and 3, 1970, at the suggestion of several European administrations. During this meeting principles were discussed which, from the European point of view, appear to be important as regards the telecommunication policy for the traffic relation Europe-North America. On behalf of the following administrations and operating agencies, I am sending you, attached to this letter, the principles which were worked out and agreed upon jointly as result of the meeting: Austria, Radio-Austria, Belgium, Denmark, Finland, France, Great Britain, Greece, Ireland, Italy, Italcable, Netherlands, Norway, Companhia Portuguesa Radio Marconi, Compania Telefonica Nacional de Espana, Sweden, Switzerland, Radio-Suisse, Yugoslavia. I wish to state that my Administration also supports these principles with regard to the whole traffic routed from this country to North America.

At the Munich meeting it was noted that the US Government was also considering the same question (FCC docket no 18875 of June 10, 1970). Clearly any decisions regarding operation and technique, in particular with regard to the traffic relations between Europe and North America, are only conceivable by mutual agreement of all partners concerned. All telecommunication administrations and operating agencies must endeavour to apply technical and operational solutions which make it possible to provide the users with traffic routes on terms which are as favourable as possible.

The aforementioned European administrations and operating agencies are therefore of the opinion that joint discussions on the questions which are of mutual interest are indispensable. They therefore propose in accordance with the annex under item 2, that a meeting be

held

held during which the policies of Europe and North America should be harmonized and a cable laying programme for the next decade should be drawn up. Since each suggestion for a solution involves the whole traffic area, it would be desirable that, in addition to the representatives from FCC and possibly the representative of the State Department, all interested administrations and operating agencies on both sides of the North Atlantic participate in such a meeting. The administrations and operating agencies represented at the meeting in Munich are of the opinion that such a meeting should be held if possible before the end of this year and offer their good services for the organization of such a meeting.

On behalf of the aforementioned administrations and operating agencies I am sending copies of this letter to COTC, ATT, IIT, RCA, WUI and to Mr. Nelson of the State Department.

Sincerely,

Enclosure
Principles adopted by
European administrations

For the Minister

Prof. Dr.-Ing. Pausch

Principles adopted by European administrations regarding
the provision of new Transatlantic transmission media

1. The European administrations have an equal interest in promoting the further development of the satellite techniques on the one hand and cable techniques on the other. The two transmission media complement each other. The development of satellite networks is being discussed by Intelsat of which nearly all European administrations are members. The following principles therefore also take into consideration the facilities offered by the satellite network.
2. The provision of further Transatlantic cables is necessary to provide diversity of facilities for telecommunications with North America. Accordingly the European administrations and authorized private agencies desire to work out with the North American carriers an agreed cable programme covering the next decade, based on that proportion of foreseen requirements which, following joint agreement, should be provided by cable.
3. There should be no fixed proportion in the use of cable and satellite capacity; the proportion of cable or satellite circuits desired by any European administration will depend on their relative economy, on the need for diversity, on the number of circuits required, on technical, operational and in some cases also on concessional factors. At least for the next five years a cable capacity that will carry 50 % of the total Transatlantic circuit requirement between North America and Europe would however be acceptable as a planning objective.
4. The European administrations are seriously considering a recommendation that any new Transatlantic cable should be owned in equal shares by European and American carriers.
5. The inalienable right of use of cable capacity in any new cable should be available for purchase at proportionate cost by all European administrations, authorized private operating agencies and by the American carriers by suitable agreements with the parties involved and may be similarly available to other carriers outside Europe or North America.
6. Subject to the agreement of the corresponding holder of rights in the same circuit capacity, and with the prior knowledge of the cable owners, rights may be sold by one administration or authorized private operating agency to another.

Comsat

Tuesday 11/24/70

MEETING

11/27/70

3:00 p.m.

4:05 Alex Johnson's office called to say that Ambassador Washburn has to participate in a Congressional hearing and they won't be able to keep the appointment with you tomorrow (11/25) to discuss the Comsat position.

It has now been rescheduled for 3 p.m. on Friday (11/27) in Room 7240 at State Dept.

Thursday 11/19/70

MEETING
11/26/70

6:30 Mr. Washburn called to mention that he heard about the meeting had been set up with Alexis Johnson on the 25th.

Also mentioned that Vice President Ky of Vietnam is not coming to Thanksgiving dinner so you won't have such distinguished company, but the Washburns will be very delighted and charmed to have you and your lady. Dinner will be at the Washburns.

Meeting
11/27/70
3.0

MEMORANDUM FOR

Honorable Edward David
Director
Office of Science and Technology

I expect to meet with U. Alexis Johnson at the State Department on Friday, November 27 to discuss with him the USG position on launch assurances to the West Europeans for their space programs. You will recall that several weeks ago U. Alexis sent a letter to Minister DeFevre in France in which we wrapped launch assistance and Post Apollo cooperation into one bundle.

Comsat is very upset at this point because officials there contend that the letter to LeFevre gives the Europeans too much in the way of commitment to launch. They feel this was a particularly bad time to make such sweeping promises in light of our current negotiating posture in the INTELSAT conference on definitive arrangements for the global satellite system.

The immediate question I will discuss with U. Alexis is -- just how far are we committed? There is a division of opinion at State. Some (Pollock in particular) claim that we have promised the Europeans to launch anything they want, even communication satellites, provided that in the Comsat cases the Assembly of INTELSAT has not made a finding that such a satellite would adversely affect INTELSAT. That is, only a "negative" finding by INTELSAT on a proposed satellite would release us from our obligation to provide a launch. Others insist (Bert Rein, Amb. Washburn) that we are obliged to launch only when INTELSAT makes a "positive" finding, i. e. that a proposed satellite would not adversely affect the INTELSAT system. Assume for the sake of argument that two-thirds of the INTELSAT Assembly cannot agree on whether a proposed satellite would or would not adversely affect INTELSAT. In such a case, Pollock insists we are bound to launch and have told the Europeans that, Rein and Washburn claim we are not bound to launch and would only consider such a launch on its own merits.

- 2 -

My position is that we are not bound to launch under the U. Alexis letter unless there is a positive Assembly finding. Absent a two-thirds majority agreement in the INTELSAT Assembly we should decide each launch request on its merits. I do not think anyone agreed that we are bound in every case save the one in which INTELSAT finds that a potential adverse impact exists in a specific communication satellite program. If possible, I would like to mention your concurrence in this view.

Clay T. Whitehead

SDOYLE:bks

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

DIRECTOR

Mr. Joseph H. McConnell
Chairman of the Board
Communications Satellite Corporation
950 L'Enfant Plaza, S. W.
Washington, D. C. 20024

Dear Joe:

It was a pleasure to have had the opportunity to discuss with you and your colleagues Comsat's views with regard to the status of the current INTELSAT negotiations. Peter Flanigan has sent to me your letter to him dated October 27, and I have had the opportunity to discuss that letter and its attachment with Abbott Washburn and independently with Joe Charyk and John Johnson.

The range of issues with which we are faced in the negotiation is broad, and I fully appreciate your concerns with regard to the ultimate necessity to be fully aware of the interrelationship of these issues as each one approaches resolution. Having your letter and the attachment has helped enormously to focus discussion on some of the key issues. I do not think we can at this time answer all the questions with which we are faced, but the frank and constructive dialogue you have stimulated and contributed to is clearly to everyone's benefit.

I will be further discussing these matters with U. Alexis Johnson, to whom a copy of your October 27 letter is being sent.

I will continue to participate fully in high-level reviews of our progress in the negotiations and to work very closely with Abbott Washburn and other key members of the delegation to ensure the fullest protection of all legitimate interests in this negotiation.

Sincerely,

Clay T. Whitehead

*CTW in control
NAS & AWS will be in book
feel free to contact*

27

Talking Points for Meeting with U. Alexis Johnson, November 24, 1970

1. Since this meeting was generated in part by McConnell's letter to Flanigan, perhaps it is best to begin the review of issues contained in the Comsat memo attached to the letter to Flanigan. (Letter to Flanigan at Tab 1; Comsat letter at Tab 2).

Ambassador Washburn is prepared to review quickly where we stand and what the problem is with regard to each item in the Comsat memo. (Washburn memo outlining views dated November 16 at Tab 3.)

A. Scheduling of the Conference

(Cannot be decided before the end of December.)

B. Powers of the Assembly -- Complaints

(Comsat exaggerates potential problems.)

C. Amendment Provisions

(Reasonableness should lead us to seek acceptable or saleable proposal such as 85% ownership and 51% of members.)

D. Price Flexibility and Capital Ceiling

(The government agencies fully support Comsat view.)

E. Regional Systems and Launch Assurances

(In case of a hung assembly, each proposal should be considered on its merits.)

2. A broader issue which we might discuss briefly is what role the Presidentially appointed directors have played and what role they might play if properly educated to prepare them to participate meaningfully in discussion of the negotiations issues. The Presidentially appointed directors are Peterson, Meany, and Donner. Buchen and Hagerty are possible additional ballast to offset the hard-line directors; namely, McConnel, Welch and Sundlun. Is there some way we could better inform selected members of the Board to bring more balance into their deliberations on definitive arrangements?
3. There are two nagging issues involving Comsat which need not be discussed at this meeting, but will require some near-term, top-level government consideration: (a) the recent GAO Report on Comsat launch costs, and (b) government guidance (instructions) process for Comsat as U.S. member of INTELSAT.

*copies to Washburn + Undersecretary
Johnson? Could you give me a
brief idea what this is all
about in our next? Thanks much,*

COMMUNICATIONS SATELLITE CORPORATION

JOSEPH H. McCONNELL
Chairman of the Board

October 27, 1970

Jon

Mr. Peter Flanigan
The White House
Washington, D. C.

Dear Peter:

At our last meeting with Dr. Whitehead and you, we discussed the INTELSAT negotiations, and Dr. Whitehead indicated that he thought that sometimes Comsat spoke with two voices, or more than one voice, in any event.

In the light of this suggestion, I thought it important that the views of Comsat be clearly stated, in writing, so that there could be no further misunderstanding about them. For that purpose, I am attaching a memorandum dated October 27, 1970, entitled, "Comsat Position on INTELSAT Definitive Arrangements Negotiations."

I recognize that a great deal of progress has been made to date. In the remaining negotiations, there need not and should not be serious conflicts of views or objectives within the United States Delegation. Above all, I hope we can avoid the danger that the United States may become committed to a text which our Board concludes it cannot approve as in the interests of Comsat's stockholders.

I am attaching copies of the memorandum and of this letter for Undersecretary of State for Political Affairs, U. Alexis Johnson, who has

Mr. Flanigan

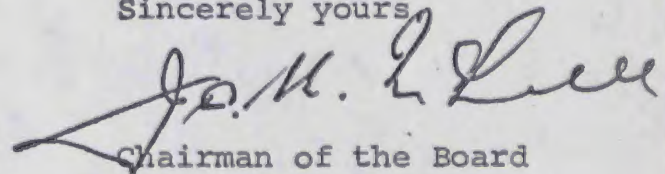
-2-

October 27, 1970

followed the negotiations, as well as Ambassador Washburn and Dr. Whitehead. Unless you see objections, I would be grateful if you would transmit them to these individuals.

With kindest regards,

Sincerely yours


Chairman of the Board

Attachments

October 27, 1970

MEMORANDUM

RE: COMSAT POSITION ON INTELSAT DEFINITIVE ARRANGEMENTS NEGOTIATIONS

The United States, through its delegation, is presently engaged in negotiations looking towards what are called definitive arrangements for INTELSAT. INTELSAT is a consortium of telecommunications organizations of 76 nations who jointly own the satellites providing global telecommunications services. It was created in 1964 under an interim international agreement which by its terms continues in effect until the definitive arrangements are completed.

In general, the representatives of the nations other than the United States in these negotiations speak for government-owned communication services. In the United States, there is a great deal of difference, in that the Communications Satellite Corporation (Comsat) is the telecommunications entity here, rather than the United States Government.

Comsat is a private corporation ^{- pursuant to} created by an Act of Congress as this country's chosen instrument for international satellite communications. It has issued ten million shares of stock, presently owned by over 120,000 stockholders, who originally subscribed \$200 million to the capital of the corporation. These stockholders are represented by a Board of Directors whose composition is

established by the Act of Congress and which includes three Directors appointed by the President. As the Attorney General has ruled, all these directors, including the presidential appointees, have the same fiduciary responsibilities to their stockholders. Our stockholders look to and are entitled to rely on this Board for making certain that any arrangements resulting from the present negotiations operate in the interest of - and certainly not to the detriment of - their corporation and themselves as stockholders. The United States delegates other than the representatives of Comsat have no such direct obligation, but, we submit, they cannot disregard or override the obligations of the Board of Directors of Comsat established by an Act of Congress.

These negotiations have been proceeding since February, 1969. Quite naturally, members of the United States Delegation, other than the representatives from Comsat, are extremely interested in reaching an end to the negotiations which would result in some agreement with the other parties thereto. Comsat, while also interested in reaching a definitive agreement that will serve the best interests of the United States as well as those of Comsat's stockholders, wants to be certain that the agreement will, in fact, achieve these goals. Perhaps this difference in posture on occasion results in differences in judgment as to what should be included in the ultimate agreement. In any event, Comsat has no recourse

except to keep as its constant goal the protection of the interests of its stockholders as Comsat sees those interests. Consequently, its Board of Directors can not accept anything in the agreement which in their judgment brings about a contrary result. It seems to us that Comsat's investment in INTELSAT of approximately \$100 million, raised under the authority of a Congressional charter, which is more than one half of the total present capital of INTELSAT, entitles Comsat to assert such a position.

Date of Plenipotentiary Conference

As will be pointed out hereafter, there are many substantive issues still unresolved in the negotiations. In the opinion of Comsat, to press for an early termination of the negotiations at the price of compromising every open issue will bring about results which are detrimental to Comsat and its stockholders, for the reasons outlined below.

An Intersessional Working Group (IWG) was established by the last Plenipotentiary Conference for the purpose of preparing recommended texts of draft intergovernmental and operating agreements which will constitute the INTELSAT definitive arrangements. To the greatest extent possible, the IWG is expected to resolve differences and to submit texts which have unanimous approval. Where unanimity is not possible and substantial differences

continue to exist, alternative texts will be presented by the IWG for resolution by the Plenipotentiary Conference.

The IWG met for four weeks in May and June, and again for four weeks in September and October. A great deal of work is left for the next meeting of the IWG which is scheduled for a period of four weeks commencing November 23, 1970. No matter how hopeful the United States Delegation may be, there is no possibility, in our opinion, of reaching a final agreement at that working group meeting. Before the next Plenipotentiary Conference meets, however, it will be necessary to have substantial unanimity on the agreement, otherwise the Plenipotentiary Conference will not be able to complete its work satisfactorily. Between the end of the Intersessional Working Group meeting, in December, and the next Plenipotentiary Conference thereafter, a very substantial length of time will be required to visit as many as ten or twelve national capitals, with pre-arranged dates, to reach agreement with them on all controversial points. Unless some prior agreement is reached, either the Plenipotentiary will fail or it can be concluded only by the United States making sweeping concessions on crucial issues. Either result ought to be avoided. As we see it now, no final Plenipotentiary Conference can be held, with any promise of success, before September of 1971.

Comsat's interest in making this point clear is for the

purpose of having a satisfactory conclusion to the Conference. We want it clearly understood that we seek agreement. The schedule suggested is for the purpose of achieving an agreement that Comsat can live with, and for no other purpose.

Substantive Points

There are a great many substantive points in an agreement this complex which have not been resolved. We want to indicate the more important ones with which Comsat is concerned.

(1) Assembly of Parties

Under the agreement, there are proposed three organs of INTELSAT:

- (A) the Assembly of Parties, which is a one nation, one vote organ, consisting of representatives of all the governments which are parties to the agreement;
- (B) the Meeting of Signatories, also a one member, one vote body, which is composed of representatives of all of the telecommunications organizations which are signatories to the Operating Agreement (this includes Comsat); and
- (C) the Board of Governors, a body consisting of representatives of the largest telecommunications investors and certain groupings of smaller telecommunications investors, in which the vote is in

proportion to the investment shares of the organization or group of organizations represented. (At present, Comsat owns 52.6% of the assets of INTELSAT and, consequently, has a 52.6% vote in the present governing body of INTELSAT, the Interim Communications Satellite Committee).

There has been consistent pressure by many of the parties to the negotiations to limit Comsat's influence, which it has by reason of its majority investment, through the device of giving undue powers to the Assembly of Parties, where decisions can be taken by a vote of two-thirds of the parties on the basis of one country, one vote. Under this voting arrangement it will be possible for parties with only 12% of the total INTELSAT investment to make decisions which are opposed by a minority of the parties holding 88% of the investment.

retially *likely?*

In the light of the composition of the Assembly of Parties, Comsat, with its contribution of half of the total investment in INTELSAT, can never consent to any meaningful power or authority in the Assembly of Parties over the commercial aspects of the operations of INTELSAT. The constant pressure of many others is to bring about the exact opposite of this, by suggesting all kinds of different and obscure wordings for inclusion in Article VII.

For these reasons, Comsat has steadfastly taken the position that it will not concur in any of the provisions of Article VII relating to the functions and powers of the Assembly of Parties until all of these provisions are negotiated to our satisfaction. As is usual in negotiations of this kind, efforts have been made to reach agreement one by one on each of the separate provisions instead of negotiating a total agreement on all of these provisions of Article VII. Comsat wants to make it clear, therefore, that it has not consented, and will not consent, to any one or more of the provisions of Article VII relating to the functions and powers of the Assembly of Parties taken by itself, but will reserve its concurrence until all of these provisions are fully and finally negotiated.

The problem which Comsat would face if it took any other position can be shown by a single example. One of the provisions of Article VII tentatively adopted by the IWG would give the Assembly of Parties the following power: "To consider complaints submitted to it by the Parties." Comsat has consistently maintained that any power in the Assembly of Parties to consider complaints must be limited to complaints on subject matter which falls within some other function specifically assigned to the Assembly of Parties. Otherwise no subject, no matter how much beyond its jurisdiction, if presented to the Assembly of Parties in the guise of a "complaint," will be excluded from its agenda.

This has all to do with the intergovernmental agreement which USG must sign and be party to.

substance or strategy.

We have not been reassured by the argument that the word "consider," as it appears in the above text, does not give the Assembly of Parties the broad jurisdiction which we fear. We can only assume that the power to consider a complaint includes the power to make a decision. Even if the form of this decision should be only a recommendation to the Board of Governors, it seems questionable that the Board of Governors would be permitted, as a political matter, to disregard such a recommendation.

Nevertheless, the language tentatively adopted by the IWG does not contain any limitation on the power of the Assembly to deal with "complaints." We are concerned that this broad language would permit the Assembly to enter into matters of a commercial nature from which it apparently has been excluded by other provisions of the agreement. The vesting of such an unqualified power of review in the Assembly of Parties not only would inhibit the Board of Governors in dealing with certain matters in the face of a threatened "complaint" but, even worse, it might result in a final and inconsistent disposition by the Assembly of matters which had been acted upon by the Board of Governors and which are inappropriate for Assembly action.

(2) Amendment

Obviously, if the agreement reached can be easily amended without the concurrence of those holding the principal investment

interests in INTELSAT, there is little purpose in going through the burdensome and difficult negotiations to which we have addressed ourselves during the past 18 months.

The amendment formula which we have insisted upon provides that adoption of an amendment would require approval by "two-thirds of the Parties, provided that such two-thirds included Parties who hold or whose signatories hold at least two-thirds of the investment shares." This formula has been designed to make it virtually certain that the United States would have to concur in any amendment to the Agreement. It is consistent with the amendment procedure contained in many multilateral international agreements of a commercial and financial nature to which the United States is a Party and where United States participation is essential in order for the organization to function effectively. (For example, the International Bank for Reconstruction and Development, the International Monetary Fund, the Inter-American Development Bank, the International Development Association and the International Finance Corporation).

In the last session of the IWG this formula came under heavy attack. A proposal with wide-spread support would permit amendment by approval of 85% of the Parties regardless of their investment shares. This would mean that it would be possible for parties possessing only 25% of the total INTELSAT investment to amend the agreement over the objection of a minority of parties

likely?

holding 75% of the total investment shares. With a probable INTELSAT membership in excess of 80 countries, the United States would need the support of a substantial number to block a proposed amendment. Thus, there would be no assurance that the agreements could not be amended without United States concurrence.

There is no limit on the subject matter which may be dealt with by the amendment process. The result might even be that the United States would have no recourse except to threaten withdrawal from INTELSAT if certain proposed amendments were adopted, for example, amendments dealing with tax and customs immunities which could not be effective within the United States except through the treaty-making or legislative process. A more likely and therefore more dangerous prospect is that through a series of amendments which the United States would be powerless to oppose, the powers of the Assembly of Parties could be gradually expanded at the expense of the Board of Governors.

Comsat must be assured that the final agreement will contain an amendment procedure substantially in accordance with the formula stated above.

(3) Price Flexibility

At the last session of the IWG there was substantial support for inserting in Article V a provision requiring that space

segment utilization charges must be at the same rate for all users of the INTELSAT system, thus depriving the Board of Governors of any flexibility in INTELSAT's policy.

This means, for example, that if a separate regional system, having no such limitation on its freedom of action, chose to price its services so as to undercut INTELSAT, INTELSAT would not be able to meet that price on a competitive basis. This is totally unacceptable in any commercial enterprise. Comsat therefore must oppose that section of Article V.

(4) Capital Ceiling

INTELSAT presently has a net capital investment approaching \$200 million of which Comsat's part is approximately \$100 million. During the next two years the net capital investment will increase rapidly because of programs already under way.

It has been proposed that the Operating Agreement be so drafted as to impose an unacceptably low ceiling on the net capital contributions which could be required from INTELSAT members without a prior decision by the Meeting of Signatories. This proposal would impose a ceiling of \$300 million ^{net or gross?} and would limit the authority of the Board of Governors to increase this ceiling by only 10%. It would also provide that any higher ceiling could only be established by the Meeting of Signatories on a one member, one vote basis.

The effect of this provision, if adopted, would be to preclude new programs involving substantial additional expenditures without the approval of the Meeting of Signatories, whose voting procedure does not reflect the investment interests of the INTELSAT members. For a rapidly changing and expanding enterprise, such as INTELSAT, this is a restriction which would make it unworkable. Comsat, therefore, cannot approve this proposal.

(5) Separate Regional Satellite Systems

What has happened here is an example of the difficulty of trying to work out a portion of an agreement without a resolution of all of the problems involved.

Article XIV provides that there may be separate regional communications satellite systems, but it requires that countries intending to establish such systems must submit their proposed systems to the Assembly of Parties through the Board of Governors for a judgment as to whether the system is technically compatible with INTELSAT and whether such system would do significant economic harm to INTELSAT.

Comsat acquiesced in this proposal after pressure from certain European and the Japanese delegations. Comsat did so in the expectation that the United States certainly would not assist in the establishment of separate regional systems to the detriment

of INTELSAT. We felt confident that the United States would not launch regional satellites for other countries unless a favorable decision was first obtained from the Assembly of Parties acting on the advice of the Board of Governors.

We now have learned that the United States, through the State Department, has recently stated to a European delegation that it would launch regional satellites for Europe so long as the Assembly of Parties failed to adopt, by the required two-thirds vote, an adverse finding concerning the proposed system. Evidently this would be done even if the United States representative in the Board of Governors (Comsat), or the Board of Governors by a majority vote, had decided that such a regional system would operate to the economic detriment of INTELSAT. It should be noted that the large number of European members of INTELSAT virtually assure Europe of enough votes to block the Assembly of Parties from adopting an adverse finding by a two-thirds vote, regardless of our view of the harm which the proposed system might cause to INTELSAT.

Such action on the part of the State Department negates the whole purpose of INTELSAT and, to an extent, the real purpose of Comsat.

This entire matter should be re-opened within the United States Delegation unless some reliable assurance can be given to Comsat that the United States will not provide launch services except to a satellite system found by the Board of Governors to be compatible with the interests of INTELSAT.

We want to state again that Comsat will cooperate in every way possible to bring about an agreement in the best interests of all concerned, including the protection of Comsat and its stockholders.



DEPARTMENT OF STATE

Washington, D.C. 20520

11/19/70
1:30 pm

November 17, 1970

Tom:

Would appreciate your looking at the attached memo before talking with Phil Buchen on Thursday.

Attached, also, is an updated memo to you on the considerations involved in the amendment-ratification issue. By virtue of having sat through all of the debates on this one, Phil has a good grasp of this.

Abbott Washburn
Chairman, U.S. Delegation
INTELSAT Conference

The Honorable
Clay T. Whitehead
Director, Office of
Telecommunications Policy



DEPARTMENT OF STATE

Washington, D.C. 20520

November 17, 1970

MEMORANDUM FOR : The Honorable
Clay T. Whitehead, Director,
Office of Telecommunications Policy.

SUBJECT : Amendment-Ratification

The September Intersessional Working Group session was unable to reach agreement on how amendments to the Definitive Agreement approved by the Parties are to be ratified.

Almost all delegates firmly stated that they will not accept an article which gives a veto on amendments to any one member, i.e. the United States.

The U.S. has held to its original position, i.e. that amendments can be ratified only when approved by two-thirds of the Parties holding two-thirds of the investment shares. This means the U.S. would have an absolute veto for the next decade, since traffic projections show that our use of the global system will not drop below 33-1/3% until 1981.

With the exception of the delegates of Sweden and Switzerland, the Intersessional Working Group accepted the principle that the investment share of a Party must be taken into account in ratifying amendments. But there was no agreement as to how much weight should be given to investment.

Attached is a copy of Document 56, proposed by Santiago Astrain, the Chairman of the IWG. It reflects the split opinion. The draft combines our 2/3 and 2/3 formula with an alternative formula calling for amendment approval by an 85% headcount of the Assembly /regardless of the amount of their investment share, /plus an investment share totalling at least 45% or 51%/. Debate on the matter will be resumed at the third IWG which convenes on November 23.

The Conference has shown no support for an absolute veto. In our judgment, the other delegations are highly unlikely to give in on this point even at the risk of collapse of the negotiations.

It appears likely, however, that the majority will accept 85% of the Parties holding 51% of the investment shares. This formula would appear in the article along with our 2/3 and 2/3 formula. While the U.S. would thus be giving up the absolute veto, it would have a near veto since by teaming up with a very small number of other Parties it could block any amendment.

Based on today's usage (October 1, 1970), we could block an amendment with the vote of any one of the U.K., Japan, Canada, Italy, Germany, Australia, France, Argentina, Spain, Brazil, or the Philippines. The U.S. plus any one of these countries has more than 49% of the investment.

Assuming a U.S. share reduced to 40% at some later time (1972-73), we could block an amendment with the help of the U.K., which is then expected to have over 10%, or with the help of any four of Japan, Australia, Canada, Italy, France, Germany, Spain and the Philippines, or any three including the larger investors among this group.

Alternatively, under the 85% clause, we could block an amendment through the inaction of 11 other members, however small.

Thus the U.S. delegation must ask itself whether a near veto constitutes an acceptable or an unacceptable risk. While preferring an absolute veto, the State Department legal experts -- who should be the most concerned from the standpoint of precedent setting -- are not overly troubled by a near veto.

The Department's Bureau of Economic Affairs recommends acceptance of the near veto if this becomes a "go, no go" question. They regard the risk as minimal, since the U.S. will have a chance to kill an undesirable amendment

first in the Assembly (where it must get a 2/3 numerical majority) and, second, in the ratification process (where it would have to roll up an 85% numerical majority -- a very difficult thing to do in an international organization of this size when only inaction rather than a negative vote is needed to block ratification -- plus 51% of the investment.)

FCC can live with the 85% and 51% formula, but Asher Ende has suggested an arrangement whereby only the 2/3 and 2/3 formula would apply to certain articles of key importance to us, such as the Management arrangements articles. (This could well prove as unacceptable to other delegations as the absolute veto.)

COMSAT strongly favors the absolute veto as the best safeguard against unsound changes in the Agreement.

The following two factors are relevant to the U.S. Delegation's consideration of this risk:

In the course of time, approximately ten years, we would lose the absolute veto in any case.

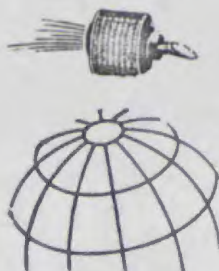
Insistence by the U.S. upon total control would unquestionably engender resentment and lessened cooperation on the part of the other INTELSAT partners -- a price we would have to pay for "victory" on this issue.

A.U.

Abbott Washburn
Chairman, U.S. Delegation
INTELSAT Conference

Attachment:

IWG(II)/Doc. 56.



INTERSESSIONAL WORKING GROUP
OF THE
RESUMED INTELSAT PLENIPOTENTIARY CONFERENCE
Washington, D.C.

IWG(II)/Doc. 56
September 16, 1970

ARTICLE XVII (c)
(Proposed by the Chairman of the IWG)

- (c) The Assembly of Parties shall take decisions on amendments with the quorum and voting provided for in Article VII of this Agreement. An amendment which has been approved by the Assembly of Parties shall enter into force for all Parties ninety days after the Depositary Government has received notice of approval of the amendment by either:
- (i) two-thirds of the States who were Parties as of the date upon which the amendment was approved by the Assembly of Parties, provided that such two-thirds include Parties who then held or Parties whose Signatories then held, at least two-thirds of the total investment shares; or
 - (ii) a number of States equal to or exceeding eighty-five per cent of the total number of States who were Parties as of the date upon which the amendment was approved by the Assembly of Parties, regardless of the amount of investment shares such Parties or their Signatories then held, ~~when ever~~ ^{provided that} such percentage of the Parties includes the Parties who then held, or the Parties whose Signatories then held, at least (45) (51) per cent of the total investment shares.

* * *



DEPARTMENT OF STATE

Washington, D.C. 20520

November 16, 1970

MEMORANDUM FOR: The Honorable
Clay T. Whitehead
Director, Office of Telecommunications Policy

SUBJECT : Comment on COMSAT Memorandum of October 27
Sent to Peter Flanigan

In his transmittal letter Joe McConnell writes: "I recognize that a great deal of progress has been made... There need not and should not be serious conflicts of views or objectives within the U.S. Delegation." I agree.

Date of Plenipotentiary. Bottom of page 4: "As we see it now, no final Plenipotentiary Conference can be held, with any promise of success, before September of 1971." This is a procedural matter. John Johnson has told me that he believes a plenary in May could be successful. Toward the end of this next IWG, which ends on December 18, we shall be in a better position to judge this.

Assembly of Parties. Last March, the Japanese-Australian compromise included an Assembly function of considering complaints from Parties. Though Jim McCormack agreed to this at the time, COMSAT (specifically John Johnson) has been unhappy with it and would like to narrow the scope of such consideration to complaints falling within the Assembly's responsibilities as defined in the Agreement. We have been trying to get the other delegations to agree to this change, but even friends like Chile and Australia are not sympathetic. However, I have assured Johnny that we shall continue to try our best to get this changed.

Amendment Ratification. Bottom of page 10: "COMSAT must be assured that the final agreement will contain an amendment procedure substantially in accordance with the formula stated above [2/3 and 2/3]." There is good prospect that a majority of delegations can agree on a formula of 85% numerical headcount plus 51% weighted vote. This would

appear along with our formula of 2/3 and 2/3. It would give us a near veto rather than an absolute veto. Negotiations, like politics, is the art of the possible. Since the 2/3 and 2/3 formula, which gives the United States an absolute veto for the next decade, is unacceptable to virtually all other delegations, the U.S. Delegation must, in the end, decide whether it can live with 85% and 51% or some other form of near veto or whether we are prepared to see the Conference collapse on this issue.

Price Flexibility. Bottom of page 3. The U.S. Delegation agrees with COMSAT's position on this.

Capital Ceiling. Middle of page 11. The U.S. Delegation agrees with COMSAT's position. We will push to get agreement on a \$400 million ceiling, with the Board of Governors authorized to increase this by 25% without going to the Meeting of Signatories.

Separate Regional System. Top of page 13: "We felt confident that the United States would not launch regional satellites for other countries unless a favorable decision was first obtained from the Assembly of Parties acting on the advice of the Board of Governors... This entire matter [Article XIV, regional systems] should be reopened within the U.S. Delegation unless some reliable assurance can be given to COMSAT..." The U.S. Delegation agrees with COMSAT on this point. There is disagreement within the Department of State on the interpretation of the language sent to Minister Lefevre. Phil Trezise and I have written to Under Secretary Johnson recommending that this be clarified in a way that will indicate advance assurance of launch only in those cases where a proposal has been favorably acted upon by the INTELSAT Assembly. Herman Pollack opposes us on this. Asher Ende strongly supports us. Meanwhile, the British have said they will not put any money into post-Apollo.

In summary, then, COMSAT has but two problems: 1) limiting the scope of the Assembly's complaints function, and 2) coming out as close as possible to the 2/3 and 2/3

formula for amendment ratification. Compared to the Manager deadlock and the array of other problems the Corporation faced earlier, neither of these could be objectively categorized as make-or-break.

A.W.

Abbott Washburn
Chairman, U.S. Delegation
INTELSAT Conference

October 30, 1970

MEMORANDUM FOR JIM ROSE

This should go out as soon as possible or we should discuss as soon as possible. The substance of the General memorandum represents nothing really new and is much more moderate and measured than Peter might have been led to expect.

In short, no problems except that we should preserve the principle of responsibility. I will transmit copies of the letter directly to Washington and John Johnson and reply substantively to McDonnell. You can assure Peter that there are no major problems, and that I have been in touch both with McDonnell and with Church about the future course of events.

Walter W. Whitbeck

Attachment

Dear Joe:

It was good to see you again on October 15th. Both Tom Whitehead and I appreciated your visit and your taking a more active interest in the INTELSAT negotiations.

I have transmitted your letter of October 27th to Tom Whitehead, and you will be hearing from him directly in the near future.

With warm personal regards.

Sincerely,

Peter Flanigan
Assistant to the President

Mr. Joseph H. McConnell
Chairman of the Board
Communications Satellite Corporation
950 L'Enfant Plaza, S. W.
Washington, D. C. 20024

CTWHITEHEAD:jm

cc: Mr. Flanigan
Mr. Whitehead

10/20/70 Tom Whitehead - Should we transmit
copies to Washburn + Undersecretary
Johnson? Could you give me a
brief idea what this is all
about in our next? Thanks much,
October 27, 1970

COMMUNICATIONS SATELLITE CORPORATION

JOSEPH H. McCONNELL
Chairman of the Board

Mr. Peter Flanigan
The White House
Washington, D. C.

Joe

Dear Peter:

At our last meeting with Dr. Whitehead and you, we discussed the INTELSAT negotiations, and Dr. Whitehead indicated that he thought that sometimes Comsat spoke with two voices, or more than one voice, in any event.

In the light of this suggestion, I thought it important that the views of Comsat be clearly stated, in writing, so that there could be no further misunderstanding about them. For that purpose, I am attaching a memorandum dated October 27, 1970, entitled, "Comsat Position on INTELSAT Definitive Arrangements Negotiations."

I recognize that a great deal of progress has been made to date. In the remaining negotiations, there need not and should not be serious conflicts of views or objectives within the United States Delegation. Above all, I hope we can avoid the danger that the United States may become committed to a text which our Board concludes it cannot approve as in the interests of Comsat's stockholders.

I am attaching copies of the memorandum and of this letter for Undersecretary of State for Political Affairs, U. Alexis Johnson, who has

Mr. Flanigan

-2-

October 27, 1970

followed the negotiations, as well as Ambassador Washburn and Dr. Whitehead. Unless you see objections, I would be grateful if you would transmit them to these individuals.

With kindest regards,

Sincerely yours

J. M. Lee
Chairman of the Board

Attachments

October 27, 1970

MEMORANDUM

RE: COMSAT POSITION ON INTELSAT DEFINITIVE ARRANGEMENTS NEGOTIATIONS

The United States, through its delegation, is presently engaged in negotiations looking towards what are called definitive arrangements for INTELSAT. INTELSAT is a consortium of telecommunications organizations of 76 nations who jointly own the satellites providing global telecommunications services. It was created in 1964 under an interim international agreement which by its terms continues in effect until the definitive arrangements are completed.

In general, the representatives of the nations other than the United States in these negotiations speak for government-owned communication services. In the United States, there is a great deal of difference, in that the Communications Satellite Corporation (Comsat) is the telecommunications entity here, rather than the United States Government.

Comsat is a private corporation ^{- pursuant to} created by an Act of Congress as this country's chosen instrument for international satellite communications. It has issued ten million shares of stock, presently owned by over 120,000 stockholders, who originally subscribed \$200 million to the capital of the corporation. These stockholders are represented by a Board of Directors whose composition is

established by the Act of Congress and which includes three Directors appointed by the President. As the Attorney General has ruled, all these directors, including the presidential appointees, have the same fiduciary responsibilities to their stockholders. Our stockholders look to and are entitled to rely on this Board for making certain that any arrangements resulting from the present negotiations operate in the interest of - and certainly not to the detriment of - their corporation and themselves as stockholders. The United States delegates other than the representatives of Comsat have no such direct obligation, but, we submit, they cannot disregard or override the obligations of the Board of Directors of Comsat established by an Act of Congress.

These negotiations have been proceeding since February, 1969. Quite naturally, members of the United States Delegation, other than the representatives from Comsat, are extremely interested in reaching an end to the negotiations which would result in some agreement with the other parties thereto. Comsat, while also interested in reaching a definitive agreement that will serve the best interests of the United States as well as those of Comsat's stockholders, wants to be certain that the agreement will, in fact, achieve these goals. Perhaps this difference in posture on occasion results in differences in judgment as to what should be included in the ultimate agreement. In any event, Comsat has no recourse

except to keep as its constant goal the protection of the interests of its stockholders as Comsat sees those interests. Consequently, its Board of Directors can not accept anything in the agreement which in their judgment brings about a contrary result. It seems to us that Comsat's investment in INTELSAT of approximately \$100 million, raised under the authority of a Congressional charter, which is more than one half of the total present capital of INTELSAT, entitles Comsat to assert such a position.

Date of Plenipotentiary Conference

As will be pointed out hereafter, there are many substantive issues still unresolved in the negotiations. In the opinion of Comsat, to press for an early termination of the negotiations at the price of compromising every open issue will bring about results which are detrimental to Comsat and its stockholders, for the reasons outlined below.

An Intersessional Working Group (IWG) was established by the last Plenipotentiary Conference for the purpose of preparing recommended texts of draft intergovernmental and operating agreements which will constitute the INTELSAT definitive arrangements. To the greatest extent possible, the IWG is expected to resolve differences and to submit texts which have unanimous approval. Where unanimity is not possible and substantial differences

continue to exist, alternative texts will be presented by the IWG for resolution by the Plenipotentiary Conference.

The IWG met for four weeks in May and June, and again for four weeks in September and October. A great deal of work is left for the next meeting of the IWG which is scheduled for a period of four weeks commencing November 23, 1970. No matter how hopeful the United States Delegation may be, there is no possibility, in our opinion, of reaching a final agreement at that working group meeting. Before the next Plenipotentiary Conference meets, however, it will be necessary to have substantial unanimity on the agreement, otherwise the Plenipotentiary Conference will not be able to complete its work satisfactorily. Between the end of the Intersessional Working Group meeting, in December, and the next Plenipotentiary Conference thereafter, a very substantial length of time will be required to visit as many as ten or twelve national capitals, with pre-arranged dates, to reach agreement with them on all controversial points. Unless some prior agreement is reached, either the Plenipotentiary will fail or it can be concluded only by the United States making sweeping concessions on crucial issues. Either result ought to be avoided. As we see it now, no final Plenipotentiary Conference can be held, with any promise of success, before September of 1971.

Comsat's interest in making this point clear is for the

purpose of having a satisfactory conclusion to the Conference. We want it clearly understood that we seek agreement. The schedule suggested is for the purpose of achieving an agreement that Comsat can live with, and for no other purpose.

Substantive Points

There are a great many substantive points in an agreement this complex which have not been resolved. We want to indicate the more important ones with which Comsat is concerned.

(1) Assembly of Parties

Under the agreement, there are proposed three organs of INTELSAT:

- (A) the Assembly of Parties, which is a one nation, one vote organ, consisting of representatives of all the governments which are parties to the agreement;
- (B) the Meeting of Signatories, also a one member, one vote body, which is composed of representatives of all of the telecommunications organizations which are signatories to the Operating Agreement (this includes Comsat); and
- (C) the Board of Governors, a body consisting of representatives of the largest telecommunications investors and certain groupings of smaller telecommunications investors, in which the vote is in

proportion to the investment shares of the organization or group of organizations represented. (At present, Comsat owns 52.6% of the assets of INTELSAT and, consequently, has a 52.6% vote in the present governing body of INTELSAT, the Interim Communications Satellite Committee).

There has been consistent pressure by many of the parties to the negotiations to limit Comsat's influence, which it has by reason of its majority investment, through the device of giving undue powers to the Assembly of Parties, where decisions can be taken by a vote of two-thirds of the parties on the basis of one country, one vote. Under this voting arrangement it will be possible for parties with only 12% of the total INTELSAT investment to make decisions which are opposed by a minority of the parties holding 88% of the investment.

likely?

In the light of the composition of the Assembly of Parties, Comsat, with its contribution of half of the total investment in INTELSAT, can never consent to any meaningful power or authority in the Assembly of Parties over the commercial aspects of the operations of INTELSAT. The constant pressure of many others is to bring about the exact opposite of this, by suggesting all kinds of different and obscure wordings for inclusion in Article VII.

For these reasons, Comsat has steadfastly taken the position that it will not concur in any of the provisions of Article VII relating to the functions and powers of the Assembly of Parties until all of these provisions are negotiated to our satisfaction. As is usual in negotiations of this kind, efforts have been made to reach agreement one by one on each of the separate provisions instead of negotiating a total agreement on all of these provisions of Article VII. Comsat wants to make it clear, therefore, that it has not consented, and will not consent, to any one or more of the provisions of Article VII relating to the functions and powers of the Assembly of Parties taken by itself, but will reserve its concurrence until all of these provisions are fully and finally negotiated.

The problem which Comsat would face if it took any other position can be shown by a single example. One of the provisions of Article VII tentatively adopted by the IWG would give the Assembly of Parties the following power: "To consider complaints submitted to it by the Parties." Comsat has consistently maintained that any power in the Assembly of Parties to consider complaints must be limited to complaints on subject matter which falls within some other function specifically assigned to the Assembly of Parties. Otherwise no subject, no matter how much beyond its jurisdiction, if presented to the Assembly of Parties in the guise of a "complaint," will be excluded from its agenda.

This has all to do with the intergovernmental agreement which USG must sign and be party to.

We have not been reassured by the argument that the word "consider," as it appears in the above text, does not give the Assembly of Parties the broad jurisdiction which we fear. We can only assume that the power to consider a complaint includes the power to make a decision. Even if the form of this decision should be only a recommendation to the Board of Governors, it seems questionable that the Board of Governors would be permitted, as a political matter, to disregard such a recommendation.

Nevertheless, the language tentatively adopted by the IWG does not contain any limitation on the power of the Assembly to deal with "complaints." We are concerned that this broad language would permit the Assembly to enter into matters of a commercial nature from which it apparently has been excluded by other provisions of the agreement. The vesting of such an unqualified power of review in the Assembly of Parties not only would inhibit the Board of Governors in dealing with certain matters in the face of a threatened "complaint" but, even worse, it might result in a final and inconsistent disposition by the Assembly of matters which had been acted upon by the Board of Governors and which are inappropriate for Assembly action.

(2) Amendment

Obviously, if the agreement reached can be easily amended without the concurrence of those holding the principal investment

interests in INTELSAT, there is little purpose in going through the burdensome and difficult negotiations to which we have addressed ourselves during the past 18 months.

The amendment formula which we have insisted upon provides that adoption of an amendment would require approval by "two-thirds of the Parties, provided that such two-thirds included Parties who hold or whose signatories hold at least two-thirds of the investment shares." This formula has been designed to make it virtually certain that the United States would have to concur in any amendment to the Agreement. It is consistent with the amendment procedure contained in many multilateral international agreements of a commercial and financial nature to which the United States is a Party and where United States participation is essential in order for the organization to function effectively. (For example, the International Bank for Reconstruction and Development, the International Monetary Fund, the Inter-American Development Bank, the International Development Association and the International Finance Corporation).

In the last session of the IWG this formula came under heavy attack. A proposal with wide-spread support would permit amendment by approval of 85% of the Parties regardless of their investment shares. This would mean that it would be possible for parties possessing only 25% of the total INTELSAT investment to amend the agreement over the objection of a minority of parties

holding 75% of the total investment shares. With a probable
INTELSAT membership in excess of 80 countries, the United
States would need the support of a substantial number to block
a proposed amendment. Thus, there would be no assurance that
the agreements could not be amended without United States
concurrence.

There is no limit on the subject matter which may be dealt
with by the amendment process. The result might even be that
the United States would have no recourse except to threaten
withdrawal from INTELSAT if certain proposed amendments were
adopted, for example, amendments dealing with tax and customs
immunities which could not be effective within the United States
except through the treaty-making or legislative process. A
more likely and therefore more dangerous prospect is that through
a series of amendments which the United States would be powerless
to oppose, the powers of the Assembly of Parties could be gradually
expanded at the expense of the Board of Governors.

Comsat must be assured that the final agreement will contain
an amendment procedure substantially in accordance with the formula
stated above.

(3) Price Flexibility

At the last session of the IWG there was substantial support
for inserting in Article V a provision requiring that space

segment utilization charges must be at the same rate for all users of the INTELSAT system, thus depriving the Board of Governors of any flexibility in INTELSAT's policy.

This means, for example, that if a separate regional system, having no such limitation on its freedom of action, chose to price its services so as to undercut INTELSAT, INTELSAT would not be able to meet that price on a competitive basis. This is totally unacceptable in any commercial enterprise. Comsat therefore must oppose that section of Article V.

(4) Capital Ceiling

INTELSAT presently has a net capital investment approaching \$200 million of which Comsat's part is approximately \$100 million. During the next two years the net capital investment will increase rapidly because of programs already under way.

It has been proposed that the Operating Agreement be so drafted as to impose an unacceptably low ceiling on the net capital contributions which could be required from INTELSAT members without a prior decision by the Meeting of Signatories. This proposal would impose a ceiling of \$300 million ^{net or gross?} and would limit the authority of the Board of Governors to increase this ceiling by only 10%. It would also provide that any higher ceiling could only be established by the Meeting of Signatories on a one member, one vote basis.

The effect of this provision, if adopted, would be to preclude new programs involving substantial additional expenditures without the approval of the Meeting of Signatories, whose voting procedure does not reflect the investment interests of the INTELSAT members. For a rapidly changing and expanding enterprise, such as INTELSAT, this is a restriction which would make it unworkable. Comsat, therefore, cannot approve this proposal.

(5) Separate Regional Satellite Systems

What has happened here is an example of the difficulty of trying to work out a portion of an agreement without a resolution of all of the problems involved.

Article XIV provides that there may be separate regional communications satellite systems, but it requires that countries intending to establish such systems must submit their proposed systems to the Assembly of Parties through the Board of Governors for a judgment as to whether the system is technically compatible with INTELSAT and whether such system would do significant economic harm to INTELSAT.

Comsat acquiesced in this proposal after pressure from certain European and the Japanese delegations. Comsat did so in the expectation that the United States certainly would not assist in the establishment of separate regional systems to the detriment

of INTELSAT. We felt confident that the United States would not launch regional satellites for other countries unless a favorable decision was first obtained from the Assembly of Parties acting on the advice of the Board of Governors.

We now have learned that the United States, through the State Department, has recently stated to a European delegation that it would launch regional satellites for Europe so long as the Assembly of Parties failed to adopt, by the required two-thirds vote, an adverse finding concerning the proposed system. Evidently this would be done even if the United States representative in the Board of Governors (Comsat), or the Board of Governors by a majority vote, had decided that such a regional system would operate to the economic detriment of INTELSAT. It should be noted that the large number of European members of INTELSAT virtually assure Europe of enough votes to block the Assembly of Parties from adopting an adverse finding by a two-thirds vote, regardless of our view of the harm which the proposed system might cause to INTELSAT.

Such action on the part of the State Department negates the whole purpose of INTELSAT and, to an extent, the real purpose of Comsat.

This entire matter should be re-opened within the United States Delegation unless some reliable assurance can be given to Comsat that the United States will not provide launch services except to a satellite system found by the Board of Governors to be compatible with the interests of INTELSAT.

We want to state again that Comsat will cooperate in every way possible to bring about an agreement in the best interests of all concerned, including the protection of Comsat and its stockholders.

November 12, 1970

Dear Joe:

It was good to see you again on October 15th. I appreciated your visit and the active interest that you personally have taken in the INTELSAT negotiations.

I have transmitted your letter of October 27th and your memorandum to Alex Johnson, Abbott Washburn, and Tom Whitehead. You will be hearing from Tom directly in the near future.

I, personally, agree that it would be most unfortunate if the negotiations resulted in a position unacceptable to the Comsat Board. Tom feels confident that this can be avoided.

With warm personal regards.

Sincerely,

/s/

Peter Flanigan
Assistant to the President

Mr. Joseph H. McConnell
Chairman of the Board
Communications Satellite Corporation
950 L'Enfant Plaza, S. W.
Washington, D. C. 20024

cc: Mr. Flanigan
✓ Mr. Whitehead
Central Files

CTWhitehead/Rose:jm

Alex Johnson
Abbott Washburn

November 12, 1970

Dear Joe:

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I have transmitted your letter of October 27th and your memorandum to Alex Johnson, Abbott Washburn, and Tom Whitehead. You will be hearing from Tom directly in the near future.

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Chairman of the Board
Communications Satellite Corporation
950 L'Enfant Plaza, S. W.
Washington, D. C. 20024

cc: Mr. Flanigan
Mr. Whitehead
Central Files

CTWhitehead/Rose:jm

November 11, 1970

To: U. Alexis Johnson

From: Tom Whitehead

The attached is forwarded for your information.
I believe we should discuss at an appropriate
time in our review of where we go from here.

Attachment

cc: Mr. Whitehead

CTWhitehead:ed/jm

Judy I called Marie and she was just leaving and she didn't know whether this had been retyped for Flanigan's sig.

Said she would check and call in the morning.

In the meantime, I ~~called~~ /I/ checked Tom and he seemed rather upset that Steve didn't understand what he meant and hadn't checked with Jon.

Said to go ahead and retype for Flanigan's signature (couldn't understand why they couldn't have done it).

Then said to go ahead and send the memo to Johnson and letter to McConnell and say

"The attached is forwarded for your information. ~~I think~~ /I/ I believe we should discuss at an appropriate time in our review of where we go from here." (I think if you just attach a To-From, then he wouldn't have to sign, ~~but~~ /I/)

No, on second thought, it will have to be a To - From note but will have to go in to Tom, attached to these McConnell and Johnson papers because he still has to sign them. (He said (attach the note to copies of the letters) I guess perhaps you should really ask him if he does really want to sign the letters, or just send a copy of them as he ~~ø~~ / indicated to me. ??????????)

OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON

Steve

Please coordinate
with Rose:

- (1) PMF letter has been
sent
- (2) We are to transmit
memo to Johnson
& Washburn

Then send them out.

T

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

DIRECTOR

October 30, 1970

MEMORANDUM FOR JON ROSE

This should go out as soon as possible or we should discuss as soon as possible. The substance of the Comsat memorandum represents nothing really new and is much more moderate and reasoned than Peter might have been led to expect.

In short, no problems except that we should preserve the protocol of responsibilities. I will transmit copies of the letter directly to Washburn and Alex Johnson and reply substantively to McConnell. You can assure Peter that there are no major problems, and that I have been in touch both with McConnell and with Charyk about the future course of events.


Clay T. Whitehead

Attachment

*Office
my
changes.
Mr. [unclear]
Save Tom
don't send
memo's
later*

THE WHITE HOUSE

WASHINGTON

Dear Joe:

It was good to see you again on October 15th. ~~Both~~
~~Tom Whitehead and I~~ appreciated your visit and ~~your~~ *that you personally have taken*
~~taking a more active interest in the INTELSAT~~
negotiations.

Ann Tishman,
Oboloff Washington
and
I have transmitted your letter of October 27th to
Tom Whitehead, and you will be hearing from him *Tom*
directly in the near future.

With warm personal regards.

Sincerely,

and your
recollections
Peter Flanigan
Assistant to the President

for note to
Mr. Joseph H. McConnell
Chairman of the Board
Communications Satellite Corporation
950 L'Enfant Plaza, S. W.
Washington, D. C. 20024

Spent on
What I can
learn. The negotiations
should lead to a

I personally agree
that it would be most
unfortunate if the negotiations
resulted in a position
unacceptable to the Communist
Board. Tom feels confident
that this can be
avoided

11/11/70

Marie asked that
we send the McConnell
letter back (Jon Rose
thinks Flanagan may
want to write a personal
letter himself.

PMF signed our letter
(11/12/70)

October 28, 1970

MEMORANDUM FOR JIM ROSE

This should go out as soon as possible or we should discuss it soon as possible. The substance of the Council memorandum represents nothing really new and is much more moderate and reasoned than Peter might have been led to expect.

In short, no problems except that we should preserve the protocol of responsibility. I will transmit copies of the letter directly to Washburn and Alvin Johnson and reply subsequently to McConnell. You can assure Peter that there are no major problems, and that I have been in touch both with McConnell and with Ghergh about the future course of events.

Clay E. Washburn

Attachment

Dear Joe:

It was good to see you again on October 15th. Both Tom Whitehead and I appreciated your visit and your taking a more active interest in the INTELSAT negotiations.

I have transmitted your letter of October 27th to Tom Whitehead, and you will be hearing from him directly in the near future.

With warm personal regards.

Sincerely,

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Assistant to the President

Mr. Joseph H. McConnell
Chairman of the Board
Communications Satellite Corporation
950 L'Enfant Plaza, S. W.
Washington, D. C. 20024

CTWHITEHEAD:jm

cc: Mr. Flanigan
Mr. Whitehead

10/28/70 10: Tom Whitehead - Should we transmit
copies to Washburn + Undersecretary
COMMUNICATIONS SATELLITE CORPORATION
Johnson? Could you give me a
brief idea what this is all
about in our next? Thanks much,
October 27, 1970

JOSEPH H. McCONNELL
Chairman of the Board

Mr. Peter Flanigan
The White House
Washington, D. C.

Joe

Dear Peter:

At our last meeting with Dr. Whitehead and you, we discussed the INTELSAT negotiations, and Dr. Whitehead indicated that he thought that sometimes Comsat spoke with two voices, or more than one voice, in any event.

In the light of this suggestion, I thought it important that the views of Comsat be clearly stated, in writing, so that there could be no further misunderstanding about them. For that purpose, I am attaching a memorandum dated October 27, 1970, entitled, "Comsat Position on INTELSAT Definitive Arrangements Negotiations."

I recognize that a great deal of progress has been made to date. In the remaining negotiations, there need not and should not be serious conflicts of views or objectives within the United States Delegation. Above all, I hope we can avoid the danger that the United States may become committed to a text which our Board concludes it cannot approve as in the interests of Comsat's stockholders.

I am attaching copies of the memorandum and of this letter for Undersecretary of State for Political Affairs, U. Alexis Johnson, who has

Mr. Flanigan

-2-

October 27, 1970

followed the negotiations, as well as Ambassador Washburn and Dr. Whitehead. Unless you see objections, I would be grateful if you would transmit them to these individuals.

With kindest regards,

Sincerely yours

J. M. L. Lee

Chairman of the Board

Attachments



October 27, 1970

MEMORANDUM

RE: COMSAT POSITION ON INTELSAT DEFINITIVE ARRANGEMENTS NEGOTIATIONS

The United States, through its delegation, is presently engaged in negotiations looking towards what are called definitive arrangements for INTELSAT. INTELSAT is a consortium of telecommunications organizations of 76 nations who jointly own the satellites providing global telecommunications services. It was created in 1964 under an interim international agreement which by its terms continues in effect until the definitive arrangements are completed.

In general, the representatives of the nations other than the United States in these negotiations speak for government-owned communication services. In the United States, there is a great deal of difference, in that the Communications Satellite Corporation (Comsat) is the telecommunications entity here, rather than the United States Government.

Comsat is a private corporation created by an Act of Congress ^{- pursuant to} as this country's chosen instrument for international satellite communications. It has issued ten million shares of stock, presently owned by over 120,000 stockholders, who originally subscribed \$200 million to the capital of the corporation. These stockholders are represented by a Board of Directors whose composition is

established by the Act of Congress and which includes three Directors appointed by the President. As the Attorney General has ruled, all these directors, including the presidential appointees, have the same fiduciary responsibilities to their stockholders. Our stockholders look to and are entitled to rely on this Board for making certain that any arrangements resulting from the present negotiations operate in the interest of - and certainly not to the detriment of - their corporation and themselves as stockholders. The United States delegates other than the representatives of Comsat have no such direct obligation, but, we submit, they cannot disregard or override the obligations of the Board of Directors of Comsat established by an Act of Congress.

These negotiations have been proceeding since February, 1969. Quite naturally, members of the United States Delegation, other than the representatives from Comsat, are extremely interested in reaching an end to the negotiations which would result in some agreement with the other parties thereto. Comsat, while also interested in reaching a definitive agreement that will serve the best interests of the United States as well as those of Comsat's stockholders, wants to be certain that the agreement will, in fact, achieve these goals. Perhaps this difference in posture on occasion results in differences in judgment as to what should be included in the ultimate agreement. In any event, Comsat has no recourse

except to keep as its constant goal the protection of the interests of its stockholders as Comsat sees those interests. Consequently, its Board of Directors can not accept anything in the agreement which in their judgment brings about a contrary result. It seems to us that Comsat's investment in INTELSAT of approximately \$100 million, raised under the authority of a Congressional charter, which is more than one half of the total present capital of INTELSAT, entitles Comsat to assert such a position.

Date of Plenipotentiary Conference

As will be pointed out hereafter, there are many substantive issues still unresolved in the negotiations. In the opinion of Comsat, to press for an early termination of the negotiations at the price of compromising every open issue will bring about results which are detrimental to Comsat and its stockholders, for the reasons outlined below.

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continue to exist, alternative texts will be presented by the IWG for resolution by the Plenipotentiary Conference.

The IWG met for four weeks in May and June, and again for four weeks in September and October. A great deal of work is left for the next meeting of the IWG which is scheduled for a period of four weeks commencing November 23, 1970. No matter how hopeful the United States Delegation may be, there is no possibility, in our opinion, of reaching a final agreement at that working group meeting. Before the next Plenipotentiary Conference meets, however, it will be necessary to have substantial unanimity on the agreement, otherwise the Plenipotentiary Conference will not be able to complete its work satisfactorily. Between the end of the Intersessional Working Group meeting, in December, and the next Plenipotentiary Conference thereafter, a very substantial length of time will be required to visit as many as ten or twelve national capitals, with pre-arranged dates, to reach agreement with them on all controversial points. Unless some prior agreement is reached, either the Plenipotentiary will fail or it can be concluded only by the United States making sweeping concessions on crucial issues. Either result ought to be avoided. As we see it now, no final Plenipotentiary Conference can be held, with any promise of success, before September of 1971.

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purpose of having a satisfactory conclusion to the Conference. We want it clearly understood that we seek agreement. The schedule suggested is for the purpose of achieving an agreement that Comsat can live with, and for no other purpose.

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proportion to the investment shares of the organization or group of organizations represented. (At present, Comsat owns 52.6% of the assets of INTELSAT and, consequently, has a 52.6% vote in the present governing body of INTELSAT, the Interim Communications Satellite Committee).

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This has all to do with the intergovernmental agreement which USG must sign and be party to.

We have not been reassured by the argument that the word "consider," as it appears in the above text, does not give the Assembly of Parties the broad jurisdiction which we fear. We can only assume that the power to consider a complaint includes the power to make a decision. Even if the form of this decision should be only a recommendation to the Board of Governors, it seems questionable that the Board of Governors would be permitted, as a political matter, to disregard such a recommendation.

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likely?

holding 75% of the total investment shares. With a probable INTELSAT membership in excess of 80 countries, the United States would need the support of a substantial number to block a proposed amendment. Thus, there would be no assurance that the agreements could not be amended without United States concurrence.

There is no limit on the subject matter which may be dealt with by the amendment process. The result might even be that the United States would have no recourse except to threaten withdrawal from INTELSAT if certain proposed amendments were adopted, for example, amendments dealing with tax and customs immunities which could not be effective within the United States except through the treaty-making or legislative process. A more likely and therefore more dangerous prospect is that through a series of amendments which the United States would be powerless to oppose, the powers of the Assembly of Parties could be gradually expanded at the expense of the Board of Governors.

Comsat must be assured that the final agreement will contain an amendment procedure substantially in accordance with the formula stated above.

(3) Price Flexibility

At the last session of the IWG there was substantial support for inserting in Article V a provision requiring that space

segment utilization charges must be at the same rate for all users of the INTELSAT system, thus depriving the Board of Governors of any flexibility in INTELSAT's policy.

This means, for example, that if a separate regional system, having no such limitation on its freedom of action, chose to price its services so as to undercut INTELSAT, INTELSAT would not be able to meet that price on a competitive basis. This is totally unacceptable in any commercial enterprise. Comsat therefore must oppose that section of Article V.

(4) Capital Ceiling

INTELSAT presently has a net capital investment approaching \$200 million of which Comsat's part is approximately \$100 million. During the next two years the net capital investment will increase rapidly because of programs already under way.

It has been proposed that the Operating Agreement be so drafted as to impose an unacceptably low ceiling on the net capital contributions which could be required from INTELSAT members without a prior decision by the Meeting of Signatories. This proposal would impose a ceiling of \$300 million ^{net or gross?} and would limit the authority of the Board of Governors to increase this ceiling by only 10%. It would also provide that any higher ceiling could only be established by the Meeting of Signatories on a one member, one vote basis.

The effect of this provision, if adopted, would be to preclude new programs involving substantial additional expenditures without the approval of the Meeting of Signatories, whose voting procedure does not reflect the investment interests of the INTELSAT members. For a rapidly changing and expanding enterprise, such as INTELSAT, this is a restriction which would make it unworkable. Comsat, therefore, cannot approve this proposal.

(5) Separate Regional Satellite Systems

What has happened here is an example of the difficulty of trying to work out a portion of an agreement without a resolution of all of the problems involved.

Article XIV provides that there may be separate regional communications satellite systems, but it requires that countries intending to establish such systems must submit their proposed systems to the Assembly of Parties through the Board of Governors for a judgment as to whether the system is technically compatible with INTELSAT and whether such system would do significant economic harm to INTELSAT.

Comsat acquiesced in this proposal after pressure from certain European and the Japanese delegations. Comsat did so in the expectation that the United States certainly would not assist in the establishment of separate regional systems to the detriment

of INTELSAT. We felt confident that the United States would not launch regional satellites for other countries unless a favorable decision was first obtained from the Assembly of Parties acting on the advice of the Board of Governors.

We now have learned that the United States, through the State Department, has recently stated to a European delegation that it would launch regional satellites for Europe so long as the Assembly of Parties failed to adopt, by the required two-thirds vote, an adverse finding concerning the proposed system. Evidently this would be done even if the United States representative in the Board of Governors (Comsat), or the Board of Governors by a majority vote, had decided that such a regional system would operate to the economic detriment of INTELSAT. It should be noted that the large number of European members of INTELSAT virtually assure Europe of enough votes to block the Assembly of Parties from adopting an adverse finding by a two-thirds vote, regardless of our view of the harm which the proposed system might cause to INTELSAT.

Such action on the part of the State Department negates the whole purpose of INTELSAT and, to an extent, the real purpose of Comsat.

This entire matter should be re-opened within the United States Delegation unless some reliable assurance can be given to Comsat that the United States will not provide launch services except to a satellite system found by the Board of Governors to be compatible with the interests of INTELSAT.

We want to state again that Comsat will cooperate in every way possible to bring about an agreement in the best interests of all concerned, including the protection of Comsat and its stockholders.

COMMUNICATIONS SATELLITE CORPORATION

JOSEPH H. McCONNELL
Chairman of the Board

October 27, 1970

Mr. Peter Flanigan
The White House
Washington, D. C.

Dear Peter:

At our last meeting with Dr. Whitehead and you, we discussed the INTELSAT negotiations, and Dr. Whitehead indicated that he thought that sometimes Comsat spoke with two voices, or more than one voice, in any event.

In the light of this suggestion, I thought it important that the views of Comsat be clearly stated, in writing, so that there could be no further misunderstanding about them. For that purpose, I am attaching a memorandum dated October 27, 1970, entitled, "Comsat Position on INTELSAT Definitive Arrangements Negotiations."

I recognize that a great deal of progress has been made to date. In the remaining negotiations, there need not and should not be serious conflicts of views or objectives within the United States Delegation. Above all, I hope we can avoid the danger that the United States may become committed to a text which our Board concludes it cannot approve as in the interests of Comsat's stockholders.

I am attaching copies of the memorandum and of this letter for Undersecretary of State for Political Affairs, U. Alexis Johnson, who has

Mr. Flanigan

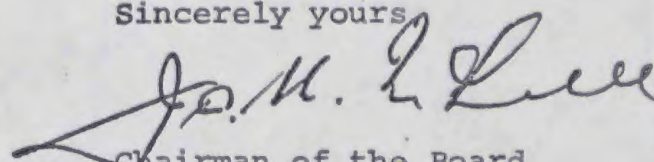
-2-

October 27, 1970

followed the negotiations, as well as Ambassador Washburn and Dr. Whitehead. Unless you see objections, I would be grateful if you would transmit them to these individuals.

With kindest regards,

Sincerely yours,


Chairman of the Board

Attachments

October 27, 1970

MEMORANDUM

RE: COMSAT POSITION ON INTELSAT DEFINITIVE ARRANGEMENTS NEGOTIATIONS

The United States, through its delegation, is presently engaged in negotiations looking towards what are called definitive arrangements for INTELSAT. INTELSAT is a consortium of telecommunications organizations of 76 nations who jointly own the satellites providing global telecommunications services. It was created in 1964 under an interim international agreement which by its terms continues in effect until the definitive arrangements are completed.

In general, the representatives of the nations other than the United States in these negotiations speak for government-owned communication services. In the United States, there is a great deal of difference, in that the Communications Satellite Corporation (Comsat) is the telecommunications entity here, rather than the United States Government.

Comsat is a private corporation created by an Act of Congress as this country's chosen instrument for international satellite communications. It has issued ten million shares of stock, presently owned by over 120,000 stockholders, who originally subscribed \$200 million to the capital of the corporation. These stockholders are represented by a Board of Directors whose composition is

established by the Act of Congress and which includes three Directors appointed by the President. As the Attorney General has ruled, all these directors, including the presidential appointees, have the same fiduciary responsibilities to their stockholders. Our stockholders look to and are entitled to rely on this Board for making certain that any arrangements resulting from the present negotiations operate in the interest of - and certainly not to the detriment of - their corporation and themselves as stockholders. The United States delegates other than the representatives of Comsat have no such direct obligation, but, we submit, they cannot disregard or override the obligations of the Board of Directors of Comsat established by an Act of Congress.

These negotiations have been proceeding since February, 1969. Quite naturally, members of the United States Delegation, other than the representatives from Comsat, are extremely interested in reaching an end to the negotiations which would result in some agreement with the other parties thereto. Comsat, while also interested in reaching a definitive agreement that will serve the best interests of the United States as well as those of Comsat's stockholders, wants to be certain that the agreement will, in fact, achieve these goals. Perhaps this difference in posture on occasion results in differences in judgment as to what should be included in the ultimate agreement. In any event, Comsat has no recourse

except to keep as its constant goal the protection of the interests of its stockholders as Comsat sees those interests. Consequently, its Board of Directors can not accept anything in the agreement which in their judgment brings about a contrary result. It seems to us that Comsat's investment in INTELSAT of approximately \$100 million, raised under the authority of a Congressional charter, which is more than one half of the total present capital of INTELSAT, entitles Comsat to assert such a position.

Date of Plenipotentiary Conference

As will be pointed out hereafter, there are many substantive issues still unresolved in the negotiations. In the opinion of Comsat, to press for an early termination of the negotiations at the price of compromising every open issue will bring about results which are detrimental to Comsat and its stockholders, for the reasons outlined below.

An Intersessional Working Group (IWG) was established by the last Plenipotentiary Conference for the purpose of preparing recommended texts of draft intergovernmental and operating agreements which will constitute the INTELSAT definitive arrangements. To the greatest extent possible, the IWG is expected to resolve differences and to submit texts which have unanimous approval. Where unanimity is not possible and substantial differences

continue to exist, alternative texts will be presented by the IWG for resolution by the Plenipotentiary Conference.

The IWG met for four weeks in May and June, and again for four weeks in September and October. A great deal of work is left for the next meeting of the IWG which is scheduled for a period of four weeks commencing November 23, 1970. No matter how hopeful the United States Delegation may be, there is no possibility, in our opinion, of reaching a final agreement at that working group meeting. Before the next Plenipotentiary Conference meets, however, it will be necessary to have substantial unanimity on the agreement, otherwise the Plenipotentiary Conference will not be able to complete its work satisfactorily. Between the end of the Intersessional Working Group meeting, in December, and the next Plenipotentiary Conference thereafter, a very substantial length of time will be required to visit as many as ten or twelve national capitals, with pre-arranged dates, to reach agreement with them on all controversial points. Unless some prior agreement is reached, either the Plenipotentiary will fail or it can be concluded only by the United States making sweeping concessions on crucial issues. Either result ought to be avoided. As we see it now, no final Plenipotentiary Conference can be held, with any promise of success, before September of 1971.

Comsat's interest in making this point clear is for the

purpose of having a satisfactory conclusion to the Conference. We want it clearly understood that we seek agreement. The schedule suggested is for the purpose of achieving an agreement that Comsat can live with, and for no other purpose.

Substantive Points

There are a great many substantive points in an agreement this complex which have not been resolved. We want to indicate the more important ones with which Comsat is concerned.

(1) Assembly of Parties

Under the agreement, there are proposed three organs of INTELSAT:

- (A) the Assembly of Parties, which is a one nation, one vote organ, consisting of representatives of all the governments which are parties to the agreement;
- (B) the Meeting of Signatories, also a one member, one vote body, which is composed of representatives of all of the telecommunications organizations which are signatories to the Operating Agreement (this includes Comsat); and
- (C) the Board of Governors, a body consisting of representatives of the largest telecommunications investors and certain groupings of smaller telecommunications investors, in which the vote is in

proportion to the investment shares of the organization or group of organizations represented. (At present, Comsat owns 52.6% of the assets of INTELSAT and, consequently, has a 52.6% vote in the present governing body of INTELSAT, the Interim Communications Satellite Committee).

There has been consistent pressure by many of the parties to the negotiations to limit Comsat's influence, which it has by reason of its majority investment, through the device of giving undue powers to the Assembly of Parties, where decisions can be taken by a vote of two-thirds of the parties on the basis of one country, one vote. Under this voting arrangement it will be possible for parties with only 12% of the total INTELSAT investment to make decisions which are opposed by a minority of the parties holding 88% of the investment.

In the light of the composition of the Assembly of Parties, Comsat, with its contribution of half of the total investment in INTELSAT, can never consent to any meaningful power or authority in the Assembly of Parties over the commercial aspects of the operations of INTELSAT. The constant pressure of many others is to bring about the exact opposite of this, by suggesting all kinds of different and obscure wordings for inclusion in Article VII.

For these reasons, Comsat has steadfastly taken the position that it will not concur in any of the provisions of Article VII relating to the functions and powers of the Assembly of Parties until all of these provisions are negotiated to our satisfaction. As is usual in negotiations of this kind, efforts have been made to reach agreement one by one on each of the separate provisions instead of negotiating a total agreement on all of these provisions of Article VII. Comsat wants to make it clear, therefore, that it has not consented, and will not consent, to any one or more of the provisions of Article VII relating to the functions and powers of the Assembly of Parties taken by itself, but will reserve its concurrence until all of these provisions are fully and finally negotiated.

The problem which Comsat would face if it took any other position can be shown by a single example. One of the provisions of Article VII tentatively adopted by the IWG would give the Assembly of Parties the following power: "To consider complaints submitted to it by the Parties." Comsat has consistently maintained that any power in the Assembly of Parties to consider complaints must be limited to complaints on subject matter which falls within some other function specifically assigned to the Assembly of Parties. Otherwise no subject, no matter how much beyond its jurisdiction, if presented to the Assembly of Parties in the guise of a "complaint," will be excluded from its agenda.

We have not been reassured by the argument that the word "consider," as it appears in the above text, does not give the Assembly of Parties the broad jurisdiction which we fear. We can only assume that the power to consider a complaint includes the power to make a decision. Even if the form of this decision should be only a recommendation to the Board of Governors, it seems questionable that the Board of Governors would be permitted, as a political matter, to disregard such a recommendation.

Nevertheless, the language tentatively adopted by the IWG does not contain any limitation on the power of the Assembly to deal with "complaints." We are concerned that this broad language would permit the Assembly to enter into matters of a commercial nature from which it apparently has been excluded by other provisions of the agreement. The vesting of such an unqualified power of review in the Assembly of Parties not only would inhibit the Board of Governors in dealing with certain matters in the face of a threatened "complaint" but, even worse, it might result in a final and inconsistent disposition by the Assembly of matters which had been acted upon by the Board of Governors and which are inappropriate for Assembly action.

(2) Amendment

Obviously, if the agreement reached can be easily amended without the concurrence of those holding the principal investment

interests in INTELSAT, there is little purpose in going through the burdensome and difficult negotiations to which we have addressed ourselves during the past 18 months.

The amendment formula which we have insisted upon provides that adoption of an amendment would require approval by "two-thirds of the Parties, provided that such two-thirds included Parties who hold or whose signatories hold at least two-thirds of the investment shares." This formula has been designed to make it virtually certain that the United States would have to concur in any amendment to the Agreement. It is consistent with the amendment procedure contained in many multilateral international agreements of a commercial and financial nature to which the United States is a Party and where United States participation is essential in order for the organization to function effectively. (For example, the International Bank for Reconstruction and Development, the International Monetary Fund, the Inter-American Development Bank, the International Development Association and the International Finance Corporation).

In the last session of the IWG this formula came under heavy attack. A proposal with wide-spread support would permit amendment by approval of 85% of the Parties regardless of their investment shares. This would mean that it would be possible for parties possessing only 25% of the total INTELSAT investment to amend the agreement over the objection of a minority of parties

holding 75% of the total investment shares. With a probable INTELSAT membership in excess of 80 countries, the United States would need the support of a substantial number to block a proposed amendment. Thus, there would be no assurance that the agreements could not be amended without United States concurrence.

There is no limit on the subject matter which may be dealt with by the amendment process. The result might even be that the United States would have no recourse except to threaten withdrawal from INTELSAT if certain proposed amendments were adopted, for example, amendments dealing with tax and customs immunities which could not be effective within the United States except through the treaty-making or legislative process. A more likely and therefore more dangerous prospect is that through a series of amendments which the United States would be powerless to oppose, the powers of the Assembly of Parties could be gradually expanded at the expense of the Board of Governors.

Comsat must be assured that the final agreement will contain an amendment procedure substantially in accordance with the formula stated above.

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segment utilization charges must be at the same rate for all users of the INTELSAT system, thus depriving the Board of Governors of any flexibility in INTELSAT's policy.

This means, for example, that if a separate regional system, having no such limitation on its freedom of action, chose to price its services so as to undercut INTELSAT, INTELSAT would not be able to meet that price on a competitive basis. This is totally unacceptable in any commercial enterprise. Comsat therefore must oppose that section of Article V.

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It has been proposed that the Operating Agreement be so drafted as to impose an unacceptably low ceiling on the net capital contributions which could be required from INTELSAT members without a prior decision by the Meeting of Signatories. This proposal would impose a ceiling of \$300 million and would limit the authority of the Board of Governors to increase this ceiling by only 10%. It would also provide that any higher ceiling could only be established by the Meeting of Signatories on a one member, one vote basis.

The effect of this provision, if adopted, would be to preclude new programs involving substantial additional expenditures without the approval of the Meeting of Signatories, whose voting procedure does not reflect the investment interests of the INTELSAT members. For a rapidly changing and expanding enterprise, such as INTELSAT, this is a restriction which would make it unworkable. Comsat, therefore, cannot approve this proposal.

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Article XIV provides that there may be separate regional communications satellite systems, but it requires that countries intending to establish such systems must submit their proposed systems to the Assembly of Parties through the Board of Governors for a judgment as to whether the system is technically compatible with INTELSAT and whether such system would do significant economic harm to INTELSAT.

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of INTELSAT. We felt confident that the United States would not launch regional satellites for other countries unless a favorable decision was first obtained from the Assembly of Parties acting on the advice of the Board of Governors.

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Such action on the part of the State Department negates the whole purpose of INTELSAT and, to an extent, the real purpose of Comsat.

This entire matter should be re-opened within the United States Delegation unless some reliable assurance can be given to Comsat that the United States will not provide launch services except to a satellite system found by the Board of Governors to be compatible with the interests of INTELSAT.

We want to state again that Comsat will cooperate in every way possible to bring about an agreement in the best interests of all concerned, including the protection of Comsat and its stockholders.

Conrad

Monday 11/16/70

MEETING
11/19/70
1:30

9:00

We called Phil Buchen's office and set up the meeting for 1:30 on Thursday (11/19). His plane gets into Washington at 12:16.

Office of Telecommunications Policy
Route Slip

12 NOV 1970

Clay T. Whitehead ✓

George F. Mansur

William Plummer

Wilfrid Dean

~~Steve Doyle~~ ✓

William Lyons

Eva Daughtrey ✓

Timmie White

Judy Morton

REMARKS

*Eva - pre set
it up*

NIEL A. WEATHERS
ROBERT W. RICHARDSON
PHILIP W. BUCHEN
DAVID E. DUTCHER
ROGER LAW
JOHN R. NICHOLS
W. FRED HUNTING, JR.
WILLIAM R. HINELINE
PATRICK M. MULDOON
GARY P. SCHENK

LAW, BUCHEN, WEATHERS, RICHARDSON & DUTCHER

ATTORNEYS AND COUNSELORS 740 OLD KENT BUILDING

GRAND RAPIDS, MICHIGAN 49502

November 9, 1970

R. DALE LAW
1901-1967

TELEPHONE (616) 459-1171
CABLE ADDRESS "LAW"

The Honorable Clay T. Whitehead
Executive Office of the President
Office of Telecommunications Policy
Washington, D.C. 20504

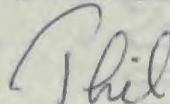
Dear Tom:

Thank you very much for your kind note of November 6, 1970. I, of course, will do all I can to help during the next IWG session starting November 23, but rather than planning to be in daily attendance, as I was during the last session, I would prefer to come only for a day or two at a time as the session progresses. Except for the occasions when the IWG deals with the few crucial issues remaining, most of the time will be spent on tedious debate by traditional dissidents of matters on which the U.S. and other large users are already in agreement.

In any event, I will be in Washington starting the afternoon of Thursday, the 19th, and if it is convenient, I would like to see you either that afternoon or for lunch the next day. The Comsat Board meets Friday morning and I am earlier scheduled to attend a Committee meeting to start at 5 p.m. on Thursday.

I hope you can work it out so that we can get together, and I look forward to seeing you.

Sincerely yours,



Philip W. Buchen



November 6, 1970

Mr. Phil Buchen
Buchen, Weathers, Richardson
and Dutcher
740 Old Kent Bank Building
Grand Rapids, Michigan

Dear Phil:

Abbott tells me that you are having some thoughts about whether or not to attend the November - December IWG session. Aside from the opportunity to buy you a dinner and discuss our INTELSAT strategy ideas, which would be useful to me, I think you would be an invaluable help to Abbott and to COMSAT in these times.

I look forward to seeing you before long. Let me know when you will be in town.

Sincerely,



Clay T. Whitehead

CTWHITEHEAD:dc

cc: Ambassador Washburn



DEPARTMENT OF STATE

Washington, D.C. 20520

October 28, 1970

MEMORANDUM FOR : Dr. Clay T. Whitehead, Director,
Office of Telecommunications Policy.

Dear Tom,

Per our conversation today, it would be very nice if you would convey to Phil Buchen a word of encouragement about his attending the November-December IWG session.

His participation on the Delegation has been very helpful in the over-all. He has an intimate understanding of the ups and downs of the negotiations from the beginning in February 1969. With the exception of Jim McCormack, he is the only member of the Board who has had any personal, first-hand knowledge of the Conference.

Without his participation, the COMSAT Board would be even more in the dark.

Yours,

A handwritten signature in blue ink, appearing to read "Abbott Washburn", with a long horizontal stroke extending to the right.

Abbott Washburn



Consent

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

November 11, 1970

MEMORANDUM FOR THE RECORD

Mr. Istvan called Monday (11/9/70) to indicate that as of the close of business November 9th he has formally terminated all contact with the Communications Satellite Corporation. He wanted this known generally among senior staff people at OTP who may in the future be considering possible consulting with him. He asks that his interest and capabilities be kept in mind.

Stephen E. Doyle *SD*

Thursday 10/29/70

4:45 Mr. Button's secretary gave us the following message:

"Re Mr. Button's conversation with you this morning, he just wanted you to know that no further correspondence from our Board seems to be brewing."

27 OCT 1970

Handwritten signature and initials

Mr. Dwight A. Ink
Assistant Director
Office of Management
and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Ink:

With reference to your letter dated October 23rd to Mr. Whitehead concerning legislative changes to minimize requirements for annual reports, this Office concurs fully with the recommendations contained in the Space Council's memorandum to the Director of OMB dated June 30, 1970.

The Office of Telecommunications Policy believes it would be more efficient and fully consistent with the President's desires as set forth in his letter of May 25, 1970, to have the requirement for the President's report under the Comsat Act deleted and have added to the President's annual report on aeronautical and space activities a chapter dealing with OTP.

Sincerely,

Stephen E. Doyle
Special Assistant
to the Director

cc: Mr. Whitehead
Mr. Doyle

Handwritten initials

SDoyle:jm

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 23 1970

Honorable Clay T. Whitehead
Director, Office of
Telecommunications Policy
1800 G Street, N.W.
Washington, D. C. 20504

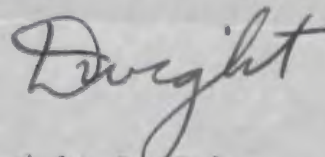
Dear Mr. Whitehead:

We have received the enclosed memorandum from the National Aeronautics and Space Council suggesting a possible saving by consolidation of reports.

The National Aeronautics and Space Administration has already commented (copy enclosed) favorably on this proposal as it relates to their reporting responsibilities.

As preparation of the reporting requirements in Section 404(a) of the Communications Satellite Act of 1962 were delegated to your Office under Section 9 of Executive Order 11536 of September 4, 1970, we would appreciate your comments on this suggestion for the possible consolidation of related reports.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dwight", written in a cursive style.

Dwight A. Ink
Assistant Director

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 23 1970

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1800 G Street, N.W.
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Sincerely,

(Signed) Dwight

Dwight A. Ink
Assistant Director

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
DEPT. OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 23 1970

MEMORANDUM FOR THE PRESIDENT
SUBJECT: [Illegible]

DATE: [Illegible]

TO: [Illegible]

FROM: [Illegible]

RE: [Illegible]



[Illegible]

[Illegible]

[Illegible]

[Illegible]



EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL AERONAUTICS AND SPACE COUNCIL
WASHINGTON 20502

EXECUTIVE SECRETARY

June 30, 1970

MEMORANDUM FOR

Director, Bureau of the Budget

References: (1) President's letter, 25 May 1970
(2) BOB Circular No. A-44, Rev. 17 Jun 1970

Subject: Possible Saving by Consolidation of Reports

Although we estimate the saving to be no more than \$25,000 per year, relative efficiency might be served by consolidating related reports.

The National Aeronautics and Space Act of 1958, in Section 206, requires two reports. Paragraph (a) requires the semiannual report to Congress of NASA itself. Paragraph (b) requires the President to report to the Congress annually in January, "A comprehensive description of the programmed activities and the accomplishments of all agencies of the United States in the field of aeronautics and space activities during the preceding calendar year."

The Communications Satellite Act of 1962 requires, in Section 404(a), an annual report on activities and accomplishments under the Communications Satellite Act of 1962 by the President.

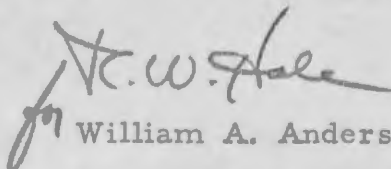
If it is considered advisable, the provision requiring a semiannual report by NASA to the Congress through the President might be revoked. The explanation is that NASA has a full opportunity to report its activities in the annual report of the President which has for some years given over an entire chapter to the activities of NASA alone.

The President's report on the activities and accomplishments under the Communications Satellite Act has been prepared in the past by the Office of Telecommunications Management, now the Office of Telecommunications Policy. Consideration might be given to

revoking the requirements for this report in the Communications Satellite Act and a chapter added to the President's annual report on aeronautics and space activities to provide adequate opportunity for the Director of Telecommunications Policy in that report. Thus, there would be one report by the President annually to cover all aeronautics and space activities.

The reorganization of the Executive Office of the President may make it necessary to consider carefully where the President's report on aeronautics and space activities, in the future, should be prepared and centered. Therefore, consideration of the above proposals should take place after the President's plan for reorganizing the Executive Office of the President has gone into effect.

It should be noted that the report for the Communications Satellite Act goes in the Congress to two different committees, not the Committee on Science and Astronautics. For this reason, the Director of Telecommunications Policy and the White House may decide that there are good reasons why this report should remain as it is, separate and different from those of aeronautics and space activities.


William A. Anders

Attachment

Reports to Congress by the President on Space and Aeronautics

cc: Mr. DeGennaro/NASA
Mr. J. R. O'Connell/OTP
Mr. Rhode/BOB

Reports to Congress by the President on space and aeronautics

NASA

"Semiannual Report to Congress"

National Aeronautics and Space Act of 1958 (PL 85-568, 72 Stat. 426--
Section 206(a).)

NASC

"Aeronautics and Space Report of the President, Transmitted to
the Congress"

National Aeronautics and Space Act of 1958 (PL 85-568, 72 Stat. 426--
Section 206(b).)

OTM (OTP)

"Annual Report on Activities and Accomplishments under the Communications
Satellite Act of 1962 -- Report by the President"

Communications Satellite Act of 1962 (PL 87-624, 76 Stat. 419--
Section 404(a).)



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WASHINGTON, D.C. 20546

SEP 30 1970

REPLY TO
ATTN OF: D

Mr. Dwight A. Ink
Assistant Director for Executive Management
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Ink:

This is in response to your letter of August 3, 1970 in which you asked for NASA's comments on the suggestion from the National Aeronautics and Space Council that certain related reports dealing with space activities and accomplishments be consolidated.

We concur in the proposal to eliminate our semi-annual report to Congress and unless there is an objection, we will initiate the necessary action to have Section 206 of the National Aeronautics and Space Act of 1958 amended as part of our annual legislative review.

With regard to the President's report on activities and accomplishments under the Communications Satellite Act of 1962, we have no objection to the proposal to amend Section 404 of the Act.

We appreciate the opportunity to comment on these suggestions.

Sincerely,

A handwritten signature in cursive script, which appears to read "Richard C. McCurdy", is written over a faint, larger version of the same signature.

Richard C. McCurdy
Associate Administrator for
Organization and Management

SAME LETTER SENT TO:

Dr. Willis Shapley, Associate Deputy Admin., NASA
Mr. Richard Beam, Director, Office of Tel., DOT
Mr. Raymond A. Gilber, Deputy, NASC
Mr. David Solomon, Deputy Assistant to the Secty. of Defense (Telecommunications)
Ambassador Washburn, U.S. Delegation, INTELSAT Conf.

Mr. William K. Miller
Director
Office of Telecommunications
Department of State
Washington, D. C. 20520

26 OCT 1970

Dear Mr. Miller:

The Communications Satellite Act of 1962 requires that the President transmit a report to Congress in January of each year regarding significant developments and activities during the previous calendar year. The report includes an evaluation of those developments and accomplishments in terms of attaining the objectives of the Act, as well as recommendations for additional legislation or other Congressional action.

In order to afford the opportunity for careful preparation and review of the report, we are requesting that the Executive Departments and Agencies having responsibilities which may bear on commercial satellite communications submit their suggestions for material to be included in the report by November 20.

After submission of the information we contemplate preparing a draft report for comment by affected Departments and Agencies about December 10.

Sincerely,

JECOLE:dc

Mr. Doyle-2

Subj.

RE

Stephen E. Doyle
Special Assistant to the Director

Comsat, AT&T Agree on Plan For Satellites

By Robert J. Samuelson
Washington Post Staff Writer

The Communications Satellite Corp. and the American Telephone & Telegraph Co. have reached an agreement to construct a domestic satellite system to serve AT&T's long-distance communications network.

Under the agreement, Comsat would own and lease two satellites to the telephone company, which would own the earth stations to send and receive signals to and from the satellites.

The Federal Communications Commission must give its approval before Comsat could launch its satellites (by contracting with the government) and AT&T could build its earth stations. Both Comsat and AT&T are expected to file applications with the agency soon, probably next week.

AT&T's alliance with Comsat apparently reflects the FCC's new preoccupation with competition. To spur competition, the agency has tentatively suggested that it might bar the telephone company—which has a near monopoly in ground communications—from owning satellites.

Comsat already owns the U.S. portion of international communications satellites, and the new agreement appears to give the company a head start over competitors in winning FCC approval for a domestic system.

The agency has yet to decide how it will handle rival applications. Earlier this year, the White House recommended that the agency allow anyone with adequate money and technical knowhow to build a satellite system, but FCC officials have indicated that the agency might make a selection between competing proposals.

Western Union Telegraph Co. has already filed, and

other firms, such as Tele-Prompter (a cable television company), have indicated they will probably apply.

If the FCC does decide to pick and choose, one test would be the potential profitability of a proposed system. In the first few years, most communications experts believe that potential communications traffic could not support more than one or two systems.

Aside from AT&T, the largest potential customers appear to be the three television networks. However, they have yet to publicly commit themselves to any one satellite system or even rule out the possibility of constructing their own satellite network.

Under the agreement with AT&T, Comsat would lease two entire satellites to the telephone company. Comsat would still be free to orbit other satellites which could

be used for other clients, such as the television networks, large data users, or newswires.

If this happened, Comsat would, in effect, be competing with AT&T. The networks, for example, now rely on AT&T's terrestrial system for picture transmitting.

Once approved, experts have estimated that it would take about \$100 million investment and two years to make a satellite system operational.

Colaisat

Friday 8/21/70

9:40 Abbott Washburn called. He has a meeting at 11 this morning with Dr. Cheryk, Phil Buchen and Joe McConnell (which will be just after they have come out of their Board meeting).

Wondered if you had anything you wanted him to say to them.

OFFICE OF TELECOMMUNICATIONS POLICY

ROUTE SLIP

TO File

ACTION

Concurrence

Signature

Comments

For reply

Information

Per conversation

Discuss with me

☐
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☐
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See also
1/5/71
Mr. Lacey
letter to
Gravel
and
1/26/71
CTW to
Pastore

FROM WED Phumman

DATE 9-18-70

REMARKS

per CTW instruction tele-
phoned Mr. C. Wm. Fischer to effect
that Mr. Whithead had told Justice
(Mr. Mc ^{Mr. Lacey} ~~Whithead~~) of his difficulty with the
Justice letter to Senator Gravel and that
Justice had agreed to rewrite the letter.
Mr. Fischer said the information was
sufficient - he does not need a memo.
Told Eva. D.

WED

Comsat

Wednesday 7/15/70

- 10:10 Bill Fischer called to say that there was a Justice response to Senator Gravel's letter re a bill he has drafted to eliminate common carrier control of the Comsat corporation. That OTM policy letter was apparently on Tom's desk. Bill Fischer said the letter had been circulated for comment, which comments have come back and Bill needs to talk with Tom about it.
- for Bill Fischer
- 11:25 Tom said/to call Don Baker at Justice -- that he had been in discussion with Don about it and they are going to rewrite the letter.

Bill will call Don Baker.

7/9/70

Eva-

Per our telecon.

timmie

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

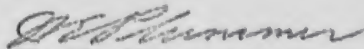
July 9, 1970

MEMORANDUM TO: Assistant Director for Legislative Reference
Bureau of the Budget
Attention: Mr. C. William Fischer

Subject: Department of Justice proposed draft amendment
to Communications Satellite Act of 1962 as
amended ("1962 Act"), 47 §§ 701-704

This is in response to your memorandum dated June 22, 1970,
requesting comments by July 1, 1970, on the subject draft legislation
which we did not receive until June 30.

Inasmuch as a Director of Telecommunications Policy has not yet
been qualified and commissioned, there is no one in a position to
make authoritative comments. The new director may wish to do
so when he takes office.


W. E. Plummer
Acting

THE WHITE HOUSE
WASHINGTON

July 8, 1970

To: Timmy

From: Eva

Returned as requested.

DTM
Wednesday 7/8/70

5:00 Tom asked us to call Mr. Plummer's office and tell Timmy that he thinks the DTM's response should be that they would defer any comment until the new Director is sworn in.

(Tell Mr. Plummer that the reason is that Tom is on both ends -- as approving DTM and the White House approval -- kind of a silly relationship -- but he's been in touch with Justice so it's all kind of academic about what DTM response should be.)

Wednesday 7/8/70

4:30 As to the attached draft amendment to Communications Satellite Act, Steve Doyle advises as follows:

"The end purpose of the proposed legislation is to remove carrier directors. The thrust of the Justice letter is to remove FCC regulatory restrictions on Comsat. In my opinion, the letter is only minimally related to the legislation in terms of the objective desired. And, in my knowledge, I have serious reservations about some of the factual statements in the Justice letter."

(Steve said: FOR YOUR INFORMATION ONLY --

"DOD and State and FCC have notified BOB of no objection to the legislation but all three agencies have expressed reservations with regard to the substance of the Justice letter."

Steve said he thinks it would be useful for you to consider the relationship between the substance of the letter (which is remove regulatory constraints) and the legislation (which is intended to remove carrier directors from Comsat Board). He thinks you will find them essentially unrelated objectives.

Timmy in Mr. Plummer's office said they had had a call from Dave Lawhead in BOB asking where their comments were; she advised them it was still being reviewed.

THE WHITE HOUSE
WASHINGTON

July 7, 1970

- To: Steve

From: Eva

Tom would like you to
look this over and
discuss with him.

EXECUTIVE OFFICE THE PRESIDENT
OFFICE OF EMERGENCY PREPAREDNESS
OFFICE OF TELECOMMUNICATIONS MANAGEMENT

Date: *July 7, 1970*
Subject: *Proposed Amendment of Comcat Act of 1962*
To: *Dr. Whithead*

*Please release if you
agree*

BU
From: W. E. Plummer
Acting

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

July 7, 1970

MEMORANDUM TO: Assistant Director for Legislative Reference
Bureau of the Budget
Attention: Mr. C. William Fischer

Subject: Department of Justice proposed draft amendment to
the Communications Satellite Act of 1962 as amended
("1962 Act"), 47 §§ 701-704

This is in response to your memorandum dated June 22, 1970, requesting comments by July 1, 1970, on the subject draft legislation which we did not receive until June 30.

The Department of Justice favors enactment of legislation which would eliminate any direct control over the Communications Satellite Corporation ("Comsat") by the terrestrial common carriers ("carriers"). It would do so, first, by barring representatives of the carriers from the Board of Directors after January 1, 1971; and, second, by prohibiting carrier ownership of Comsat stock after January 1, 1972. It is the view of the Department of Justice that enactment of the draft legislation, together with modification of regulatory restraints on Comsat's activities, would significantly enhance Comsat's competitive potential.

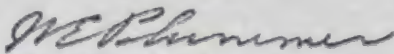
Assuming that the development of Comsat's competitive potential is a feasible or a valid objective, we agree with Justice that the proposed amendment to the 1962 Act would not significantly affect that potential unless there are accompanying changes in FCC policy decisions regarding Comsat.

While there is no doubt that the 1962 Act was a compromise, and that in the light of experience the Act could have been written with fewer ambiguities, nevertheless the development of commercial communication-satellite service has been quite spectacular. INTELSAT, the international telecommunications satellite consortium, will be launching early next year, its fourth generation of communication satellites, each with a capacity of at least 6,000 telephone circuits. Despite the potential conflicts of interest alluded to by Justice, the carriers, and particularly AT&T, have made substantial use of satellite

circuits. We are advised that by the end of 1970 about half of the international circuits used by AT&T will be by satellite: 1,200 half-circuits, with a payment to Comsat of \$42 million.

While the Justice recommendation may have considerable merit because it might tend to make regulatory problems less complex, the policy changes alluded to by Justice might be difficult to achieve. Even if the FCC were to change its policy regarding earth station ownership, any change in its "authorized user" decision would have to reckon with possible objections by some foreign administrations. These administrations, correspondents of American international carriers, could be concerned with a change of policy which would increase the number of American entities with whom they would be required to deal. Also, some foreign administrations have an ownership interest in cables and favor their use over satellites. This combination of circumstances could create a difficult international problem. In addition, a domestic policy requiring U. S. domestic carriers to furnish Comsat with terrestrial connecting facilities so that it could serve customers directly would be difficult to develop and perhaps even more difficult for the Government to administer. Finally, even if changes are made in earth station ownership and control of the corporation, and the "authorized user" decision is amended, AT&T would continue to be a large Comsat customer and thus would continue to have a substantial impact on Comsat.

To summarize our position, amending the 1962 Act in the manner proposed will solve very few, if any, basic problems. However, if it would make the Comsat organization less cumbersome and if the legislation could be enacted without substantial controversy, we would have no objection to its enactment.


W. E. Plummer
Acting

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

June 22, 1970

LEGISLATIVE REFERRAL MEMORANDUM

To: Legislative Liaison Officer

Federal Communications Commission
Council of Economic Advisers
Department of Commerce
Department of Defense
General Services Administration

Federal Trade Commission
Department of State
Office of Telecommunications
Policy

Subject: Department of Justice proposed draft amendment
to the Communications Satellite Act of 1962
as amended ("1962" Act) 47 U.S.C. SS 701-744.

The Bureau would appreciate receiving the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with Budget Circular A-19.

- () To permit expeditious handling, it is requested that your reply be made within 30 days.
- (x) Special circumstances require priority treatment and accordingly your views are requested by

Wednesday, July 1, 1970

Questions should be referred to David Lawhead
(103 X 3875) or to Jefferson D. Burrus (103 X 4874),
the legislative analyst in this Office.

C. William Fischer
C. William Fischer, for
Assistant Director for
Legislative Reference

Enclosures

Justice draft



OFFICE OF THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

MAY 19 1970

Honorable Robert P. Mayo
Director, Bureau of the Budget
Washington, D.C. 20503

Dear Mr. Mayo:

In compliance with the provisions of Bureau of the Budget Circular No. A-19, there are enclosed copies of a proposed communication to be transmitted to the Congress relative to: proposed draft amendment to the Communications Satellite Act of 1962 as amended ("1962 Act") 47 U.S.C. 98701-744.

It will be appreciated if you will advise this office as to the relationship of the proposed communication to the Program of the President.

Sincerely,

Richard G. Kleindienst
Deputy Attorney General

Congressional inquiry --- please expedite.

Department of Justice
Washington, D.C. 20530

Honorable Mike Gravel
United States Senate
Washington, D. C. 20510

Dear Senator Gravel:

This is in response to your letter of February 12, 1970, requesting comments from the Antitrust Division on a proposed draft amendment to the Communications Satellite Act of 1962 as amended ("1962 Act"), 47 U.S.C. §§701-744. This draft amendment would, if enacted, eliminate direct control over the Communications Satellite Corporation ("Comsat") by the terrestrial communications common carriers ("carriers"). It would do so by (i) barring any representatives of the carriers sitting on the Board of Directors of Comsat after January 1, 1971, and (ii) barring carriers from owning any shares of Comsat stock after January 1, 1972.

In general, we would favor enactment of legislation along these lines to eliminate direct carrier control or influence over Comsat. Such a step, combined hopefully with some modification of regulatory constraints on Comsat's activities (discussed below), would significantly enhance Comsat's competitive potential.

The 1962 Act was a compromise. It ignored traditional policies that restrict the common ownership and control of competing modes of regulated business (e.g., 49 U.S.C.A. §5(14); 49 U.S.C.A. §78; 47 U.S.C.A. §314). Instead the 1962 Act provided for extensive carrier ownership of Comsat stock and for six carrier nominees as directors of the corporation. As a result carriers controlled half the shares and more than a third of the Board of Directors. American Telephone & Telegraph Company ("AT&T") alone is by far the largest Comsat stockholder, with 29 percent of the stock and 20 percent of the Board.

The arrangement has been criticized as being inconsistent with the stated Congressional policy "that the

corporation created . . . be so organized and operated as to maintain and strengthen competition in the provision of communications services to the public" (47 U.S.C.A. §701(c)). Various commentators emphasized at the outset that extensive carrier participation was unlikely to promote either present or future competition to the maximum extent possible. (See Legislation Note, The Comsat Act of 1962, 76 Harv. L. Rev. 388, 398 (1962). See generally, Kirkpatrick, Antitrust in Orbit, 33 Geo. Wash. L. Rev. 89 (1964); Levin, Organization and Control of Communications Satellites, 113 U. Pa. L. Rev. 315 (1965); Schwartz, Governmentally Appointed Directors in a Private Corp. - The Communications Satellite Act of 1952, 79 Harv. L. Rev. 350 (1965); Schwartz, Comsat the Carriers, and the Earth Stations - Some Problems with "Melding Variegated Interests," 76 Yale L. J. 441 (1967).) Six years later the President's Task Force on Communication Policy criticized it in these terms:

Comsat's interlocking directorate with the carriers has been a source of continued controversy. Experience has shown that in many areas, Comsat has interests conflicting with those of the terrestrial carriers. Despite [FCC decisions], which insulate them from . . . competition, the terrestrial carriers and Comsat are rivals in a very real sense. (Report, Chap. 2, p. 15, 1968).

In addition, such stockholding and interlocking arrangements involving competitors and suppliers are contrary to the normal antitrust rules contained in Clayton Act §§7, 8 (15 U.S.C. §§18, 19). Most of the judicial decisions under these provisions have ignored contentions that directors appointed by even such a minority owner (as AT&T) would be independent of those who nominated them, Hamilton Watch Co. v. Benrus Watch Co., 114 F. Supp. 307, 314 (D. Conn. 1952), aff'd 206 F. 2d 738 (2d Cir. 1953); Briggs Mfg. Co. v. Crane Co., 185 F. Supp. 177, 181 (D. Mich. 1963), pointing instead to the minority director's opportunity to persuade or compel relaxation of competitive vigor, and to learn competitive secrets, American Crystal Sugar Co. v. Cuban-American Sugar Co. 152 Supp. 387, 394, aff'd, 259 F. 2d 529 (2d Cir. 1958), and noting that it would be very difficult to show that a director had been improperly influenced by the views of his nominator since directorial decisions usually involve judgmental factors difficult to ascribe to the influence of the minority's special interest.

In these circumstances, we believe that a good case can be made for eliminating the direct carrier influence over Comsat. This approach is consistent with the Department's position in 1962, when we emphasized that we "place great importance on competition because the communications industry is particularly susceptible to domination by one company -- AT&T." Hearings on H.R. 10115 and H.R. 10138 Before the House Committee on Interstate and Foreign Commerce, 87th Cong., 2d Sess., pt. 2 at 565 (1962) (testimony of Attorney General Kennedy). See also Hearings Before the Antitrust Sub-Committee of the House Committee on the Judiciary, 84th Cong., 2d Sess. at 420-23 (1956) (testimony of Assistant Attorney General Hansen). Moreover, it is consistent with the policy of this Administration: to place "more reliance on economic incentives and market mechanisms in regulated industries" so that "increased competition will eventually make it possible to let market forces assume more of the role of detailed regulation" in communications (Economic Report of the President 108-109 (1970)).

The problem is, however, only partially one of the Comsat corporate arrangements covered by the draft legislation. Regulatory decisions by the Federal Communications Commission have been at least as significant a factor in limiting Comsat's competitive potential vis-a-vis existing carriers.

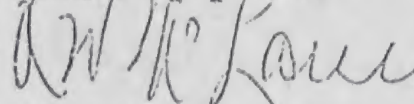
Of particular significance is the FCC's Authorized User decision, 4 F.C.C. 2d 421 (1966), in which the Commission unanimously ruled that Comsat was to be only a "carriers' carrier," precluded from retailing its services directly to users (including the Government), except under "unique or exceptional circumstances" to be determined by the Commission. Because the Commission declared that it would authorize direct Comsat service absent a reduction in the carrier's rates "fully to reflect the economies made available through the leasing of circuits in the satellite system," some potential competition remained and was reflected in some very substantial rate reductions made by the carriers.

This decision was followed the same year by the Commission's Earth Station decision further reducing Comsat's potential to compete vigorously with the carriers. 5 F.C.C. 2d 812, 816 (1966). The Commission decided (reversing an earlier decision, 38 F.C.C. 1104 (1965)) that Comsat had to share ownership of all earth stations with the carriers: 50 percent was to be owned by Comsat, with the balance

apportioned among the other carriers on a use basis. The day-to-day management, and apparently, all equipment design and procurement decisions of the earth stations are thus made by a joint operating committee made up of Comsat and the carriers. The Earth Station order argued that this pattern of shared ownership and control would motivate the carriers to promote the use of the Comsat system, and contribute to it technologically. None of this has apparently happened. The carriers still prefer to use facilities which they own and control, the investment in which is large and wholly in their rate bases. However, because the FCC at this time is reconsidering its 1966 Earth Station decision in Docket 15735, it may be that further amendment of the 1962 Act is now not necessary to deal with this problem.

To summarize, we favor generally some legislation along the lines of the proposed amendments, in order to eliminate direct carrier control or influence over Comsat. However, unless combined with at least some reversal of the FCC's decisions protecting existing carriers from satellite competition, such legislation is not likely to enhance significantly Comsat's competitive potential.

Sincerely yours,



RICHARD W. McLAREN
Assistant Attorney General
Antitrust Division

A BILL

To amend the Communications Satellite Act of 1962, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective with the first election of directors of the corporation authorized by title III of the Communications Satellite Act of 1962 (47 U.S.C. 731-735) held after January 1, 1971, the last three sentences of section 303 (a) of such Act are amended to read as follows: "Twelve members of the board shall be elected annually by the stockholders of the corporation. The articles of incorporation to be filed by the incorporators designated under section 302 shall provide for cumulative voting under section 27 (d) of the District of Columbia Business Corporation Act (D.C. Code, sec. 29-911 (d))."

Sec. 2. Section 304 (b) of the Communications Satellite Act of 1962 is amended by adding at the end thereof the following new paragraph:

"(4) Effective after January 1, 1972, no communications common carrier shall own shares of stock in the corporation authorized by subsection (a) of this section."

500 for clearance

KChobinson/JJSaunders:obj

File
Correspondence
Distribution
WFO:WFO-2-MEL-JJS:DIB
Index 50-415-0
Robinson
Garon-Evaluation

Honorable Mike Gravel
United States Senate
Washington, D. C. 20510

Dear Senator Gravel:

This is in response to your letter of February 12, 1970, requesting comments from the Antitrust Division on a proposed draft amendment to the Communications Satellite Act of 1962 as amended ("1962 Act"), 47 U.S.C. §§701-744. This draft amendment would, if enacted, eliminate direct control over the Communications Satellite Corporation ("Comsat") by the territorial communications common carriers ("carriers"). It would do so by (1) barring any representatives of the carriers sitting on the Board of Directors of Comsat after January 1, 1971, and (2) barring carriers from owning any shares of Comsat stock after January 1, 1972.

In general, we would favor enactment of legislation along these lines to eliminate direct carrier control or influence over Comsat. Such a step, combined hopefully with some modification of regulatory constraints on Comsat's activities (discussed below), would significantly enhance Comsat's competitive potential.

The 1962 Act was a compromise. It ignored traditional policies that restrict the common ownership and control of competing modes of regulated business (e.g., 49 U.S.C.A. §1114; 47 U.S.C.A. §331; 47 U.S.C.A. §314). Instead the 1962 Act provided for extensive carrier ownership of Comsat stock and for six carrier nominees as directors of the corporation. As a result carriers controlled half the shares and more than a third of the Board of Directors. American Telephone & Telegraph Company ("AT&T") alone is by far the largest Comsat stockholder, with 29 percent of the stock and 29 percent of the Board.

The arrangement has been criticized as being inconsistent with the stated Congressional policy "that the

Held 5-6-70
to Donnan - Comgyp - Mr. [unclear]
"This letter should be
forwarded to DAB's office for
review and signing after
Mr. MacLennan signs."

corporation created . . . be so organized and operated as to maintain and strengthen competition in the provision of communications services to the public" (47 U.S.C.A. §701(c)). Various commentators emphasized at the outset that extensive carrier participation was unlikely to promote either present or future competition to the maximum extent possible. (See Legislation Note, The Comsat Act of 1962, 78 Harv. L. Rev. 330, 378 (1962). See generally; Kirkpatrick, Antitrust in Orbit, 33 Geo. Wash. L. Rev. 57 (1964); Levin, Organization and Control of Communications Satellites, 113 U. Pa. L. Rev. 315 (1965); Comments, Communications Appointed Directors in a Private Corp. - The Communications Act of 1962, 79 Harv. L. Rev. 350 (1965); Comments, Comsat the Domestic and the Earth Stations - Some Problems with Technical Variation in Space, 76 Yale L. J. 441 (1967).) Six years later the President's Task Force on Communication Policy criticized it in these terms:

Comsat's interlocking directorate with the carriers has been a source of continued controversy. Experience has shown that in many areas, Comsat has interests conflicting with those of the terrestrial carriers. Despite [FCC decisions], which insulate them from . . . competition, the terrestrial carriers and Comsat are rivals in a very real sense. (Report, Chap. 2, p. 15, 1968).

In addition, such stockholding and interlocking arrangements involving competitors and suppliers are contrary to the normal antitrust rules contained in Clayton Act §47, 3 (15 U.S.C. §113, 15). Most of the judicial decisions under these provisions have ignored contentions that directors appointed by even such a minority owner (as HEB) would be independent of those who nominated them. Hamilton Watch Co. v. Elmer Watch Co., 114 F. Supp. 307, 314 (D. Conn. 1952), aff'd 186 F.2d 708 (2d Cir. 1953); Arden Mfg. Co. v. Crane Co., 185 F. Supp. 177, 181 (D. Mich. 1960), pointing instead to the minority director's opportunity to persuade or compel relaxation of competitive vigor, and to learn competitive secrets, American Crystal Sugar Co. v. Cuban-American Sugar Co., 152 Supp. 207, 214, aff'd, 250 F.2d 517 (2d Cir. 1956), and noting that it would be very difficult to show that a director had been improperly influenced by the views of his nominator since directorial decisions usually involve judgmental factors difficult to ascribe to the influence of the minority's special interest.

In these circumstances, we believe that a good case can be made for eliminating the direct carrier influence over Comsat. This approach is consistent with the Government's position in 1962, when we emphasized that we "place great importance on competition because the communications industry is particularly susceptible to domination by one company -- AT&T." Hearings on H.R. 13115 and H.R. 10132 Before the House Committee on Interstate and Foreign Commerce, 87th Cong., 2d Sess., pt. 2 at 365 (1962) (testimony of Attorney General Kennedy). See also Hearings Before the Antitrust Sub-Committee of the House Committee on the Judiciary, 94th Cong., 2d Sess. at 620-23 (1976) (testimony of Assistant Attorney General Hansen). Moreover, it is consistent with the policy of this Administration: to place "more reliance on economic incentives and market mechanism in regulated industries" so that "increased competition will eventually make it possible to let market forces assume more of the role of detailed regulation" in communications (Economic Report of the President 103-109 (1970)).

The problem is, however, only partially one of the Comsat corporate arrangements covered by the draft legislation. Regulatory decisions by the Federal Communications Commission have been at least as significant a factor in limiting Comsat's competitive potential vis-a-vis existing carriers.

Of particular significance is the FCC's Authorized User decision, 4 F.C.C. 2d 421 (1966), in which the Commission unanimously ruled that Comsat was to be only a "carriers' carrier," precluded from retailing its services direct to users (including the Government), except under "unusual or exceptional circumstances" to be determined by the Commission. Because the Commission declared that it would authorize direct Comsat service absent a reduction in the carrier's rates "fully to reflect the economies made available through the leasing of circuits in the satellite system," some potential competition remained and was reflected in some very substantial rate reductions made by the carriers.

This decision was followed the same year by the Commission's Earth Station decision further reducing Comsat's potential to compete vigorously with the carriers. 5 F.C.C. 2d 812, 816 (1966). The Commission decided (reversing an earlier decision, 38 F.C.C. 1174 (1965)) that Comsat had to share ownership of all earth stations with the carriers: 50 percent was to be owned by Comsat, with the balance

apportioned among the other carriers on a use basis. The day-to-day management, and apparently, all engineering design and procurement decisions of the earth stations are thus made by a joint operating committee made up of Comsat and the carriers. The Earth Station order argued that this pattern of shared ownership and control would motivate the carriers to promote the use of the Comsat system, and contribute to it technologically. None of this has so far actually happened. The carriers still prefer to use facilities which they own and control, the investment in which is large and wholly in their rate bases. However, because the FCC at this time is reconsidering its 1956 Earth Station decision in Docket 15735, it may not be that further amendment of the 1962 Act is now not necessary to deal with this problem.

To summarize, we favor generally some legislation along the lines of the proposed amendments, in order to eliminate direct carrier control or influence over Comsat. However, unless combined with at least some reversal of the FCC's decisions protecting existing carriers from satellite competition, such legislation is not likely to enhance significantly Comsat's competitive potential.

Sincerely yours,

RICHARD W. McLAUREN
Assistant Attorney General
Antitrust Division

Counsel

Wednesday 6/24/70

MEETING
10:30 a.m.
6/24/70

11:15

Mr. Whitehead met with Charlie McWhorter and Ed Crosland
today at 10:30.

Tuesday 6/23/70

MEETING
6/24/70

6:00

Marge called to see if you will have time available tomorrow to meet with Charlie McWhorter and Ed Crosland to discuss a letter sent from the Anti-Trust Division at Justice to Senator Gravel regarding the owners and directors of Comsat. She does not have a copy of the letter.

Mr. Flanigan suggested you meet with them and then take it from there.

Tomorrow morning we will be able to get Mr. McWhorter at

466-5587.

Monday 6/29/70

5:10

Bob Button called this afternoon about the President's dedication remarks at the Alaska Earth Station. The President addresses Senator Ted Stevens -- no one else by name in his statement. All Mr. Button wants to do is flag that mention to make sure that no one is deliberately leaving out anybody else as there were lots of other politicians involved. He is pointing this out on a political, not on a Comsat basis as Alaska politics are pretty tricky.

If you have any questions, please call him. -- at home if after 6:00
256-8733

Friday 6/26/70

6/30/70

- 10:45 Checked Duke Sloan's office; the President did the taping for the dedication of the communications earth station (June 30) -- last Tuesday.
- 11:30 Advised Mr. Battle's office; Mr. Whitehead talked with Mr. Battle on another matter and advised him also.



COMMUNICATIONS SATELLITE CORPORATION

LUCIUS D. BATTLE
Vice President for
Corporate Relations

June 24, 1970

Dr. Clay T. Whitehead
Executive Office Building - Room 106
17th & Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Tom:

In view of our invitation to the President to tape a message on the occasion of the opening of the Bartlett Earth Station at Talkeetna, Alaska, I attach an information kit which I believe may provide you with factual material on this significant event.

As I mentioned to you before, we will be delighted to help prepare suggested remarks for the President if you wish us to do so. In fact, we have a rough draft already prepared and will be glad to work with you toward a suitable statement.

Best regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lucius". The signature is fluid and cursive, with a long, sweeping underline.

Lucius D. Battle

Enclosure



COMMUNICATIONS SATELLITE CORPORATION

For Release Thursday
June 25, 1970
No. 70-34

Note:

Materials and photos in this information kit are for use in advance of, or in conjunction with, dedication ceremonies for the new Bartlett earth station at Talkeetna, Alaska.

SATELLITE EARTH STATION DEDICATION

SCHEDULED FOR JUNE 30

The new Bartlett earth station for commercial satellite communications will be dedicated in ceremonies open to the public on Tuesday, June 30, starting at 2:30 p.m. local time.

The COMSAT station, newest and most northern in the present global satellite system, is located at Talkeetna about 100 miles north of Anchorage along Route 3 in the Susitna River Valley.

Governor Keith H. Miller is scheduled to deliver the principal address on behalf of the State of Alaska. Members of Alaska's Congressional delegation and a number of industry, government and military officials are expected to be present at the site.

Dr. Joseph V. Charyk, President of Communications Satellite Corporation, will preside. Mrs. E. L. Bartlett,

widow of the late U. S. Senator E. L. "Bob" Bartlett, will participate in the ceremony.

The brief outdoor ceremonies will be held at the base of the large antenna structure. Guests and visitors will be able to tour the facility. Demonstrations of communication services, including reception of television programs via satellite, are planned.

The Bartlett station represents the latest advance in communications technology. It is a new gateway for expanded long-haul communications between Alaska and other states, as well as overseas points in the Pacific Basin.

The new station is scheduled to begin full-time commercial service the next day (July 1), starting with about 80 circuits for telephone and record service between Alaska and the lower 48 states. Service between Alaska and Hawaii via satellite will be available and direct circuits to Japan are expected to be established later in the year.

All forms of high-quality communications can be sent and received by the station, including multi-channel telephone, telegraph, facsimile, data, black-and-white and color television.

Communications signals processed through the station are sent and received via the INTELSAT III series satellite stationed in a synchronous, or stationary, orbit 22,300 miles above the equator over the mid-Pacific.

This satellite presently serves earth stations located in California, Washington State, Hawaii, Australia, Guam, Hong Kong, Japan, Korea, The Philippines, Thailand and the Republic of China (Taiwan). The Bartlett station is Alaska's doorway to this system.

To perform its tasks with a high degree of reliability, the station is equipped with specialized and sophisticated facilities. It was built under a contract awarded by COMSAT to General Telephone & Electronics International, Inc.

The large "dish" antenna is 98.4 feet (30 meters) in diameter -- large enough to cover the infield of a regulation softball diamond. The entire antenna structure, weighing more than 300 tons, is mounted on wheels riding a track 50 feet in diameter on top of the circular concrete pedestal.

The pedestal also serves as the central control room, which houses most of the operating electronic equipment. This compactness of design makes for easier maintenance and lower operating costs.

Communications are transmitted and received at the same time through the antenna at microwave frequencies. Transmitted signals are in the six gigacycle range (six billion cycles per second), and received signals in the four gigacycle range.

Although communications processed through the station are amplified many separate times, altered in frequency and filtered into different forms, then sent and received thousands of miles through space, the entire process takes only a fraction of a second. The voice quality of an individual telephone call sent via the commercial satellite system is as clear as if the call were made from next door. Television, teletypewriter, data and other general communications are of high quality, meeting or exceeding international standards.

The Bartlett station is one of eight U. S. stations. The other stations are at Brewster, Washington; Jamesburg, California; Paumalu, Oahu, Hawaii; Pulantat, Guam; Andover, Maine; Etam, West Virginia and Cayey, Puerto Rico.

###

Tuesday 6/16/70

- 3:15 Checked with Mr. Battle's office to see if they wanted a video tape, radio tape or what. They will call back.
- 3:50 Duke Sloan asked for the information. Advised that Battle's office was to get the information for me.
- 5:35 Bill Miler called to advise that they would like to have a video tape -- it will be transmitted via satellite to Alaska -- for the inauguration of communications satellite to Alaska -- including TV to Anchorage. Will be transmitted from some point here in the U.S.

Advised Duke Sloan; he said they were considering other tapings by the President so he thinks we may have an answer fairly soon.

Battle

video tape
radio tape
or ?

Does it
~~matter~~

Monday 6/15/70

President
taping for
6/30
dedication

1:05 Checked Hugh Sloan's office; they have just finished "staffing out" the attached request for the President to do a taping and are submitting a memo to the President today. They will send us a copy. Said it sometimes takes a day and sometimes a week or two to get a reply; however, in this case (since it is for June 30th) they should hear something soon.

554-6042

Call Battle's office & tell
them it's still in the mill & we
will call when we get definite word.
2:05 advised Mr. Battle's secy.

May 22, 1970

MEMORANDUM FOR DWIGHT CHAPIN

The attached letter is a request for the President to tape a brief greeting to the State of Alaska on the occasion of the dedication of the Alaskan communications satellite earth station on June 30. This will provide Alaska's first live television link to the United States.

The decision seems to me to be largely political in that the dedication will be attended by the Governor and the Alaskan Congressional Delegation and the President could use that opportunity to put in a plug for the Republican incumbents, Miller, Stevens, and Pollock, who are all up for re-election in November.

Clay T. Whitehead
Special Assistant to the President

Attachment

cc: Mr. Whitehead
Central Files

CTWhitehead:ed/jm

COMMUNICATIONS SATELLITE CORPORATION

LUCIUS D. BATTLE
Vice President for
Corporate Relations

May 19, 1970

Dr. Clay T. Whitehead
The White House
Washington, D.C. 20500

Dear Tom:

You will recall that I mentioned to you in a recent telephone conversation that Comsat will dedicate the Talkeetna, Alaska, earth station on June 30. The station will be named for a nearby mountain ridge which has recently been redesignated "Bartlett Ridge" in honor of the late Senator E. L. "Bob" Bartlett. The station, therefore, will be called the Bartlett Earth Station.

We are planning a program for June 30 which will include the Governor of the State of Alaska and, we hope, members of the Alaskan Congressional Delegation. It is our hope that President Nixon will be willing to tape a very brief greeting to the State of Alaska which can be sent from the Lower 48 to the people of Alaska on the occasion of this new communications link with the rest of the world. For Alaska, this is a major achievement and a project of very real importance.

You indicated to me when we discussed the matter that you would be willing to put the request entrain in the White House and let us know whether the President would be available for such a taping. The tape could

Dr. Clay T. Whitehead -2-

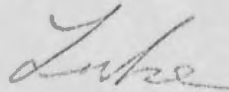
May 19, 1970

be done in a matter of a very few minutes. The actual timing on the taping is flexible and there is no reason that it could not be done some days in advance of its actual use, if that suited the President's schedule.

I will be grateful for your help in this matter.

Best regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lucie", written in dark ink.

Lucius D. Battle



THE GLOBAL SYSTEM OF SATELLITE COMMUNICATIONS

Status map shows earth station locations, satellites and commercial communications links between different countries, in operation on July 1, 1970.

COMSAT



INTELSAT III series satellites are in commercial service now over the Pacific, Atlantic and Indian Oceans. They are stationed in synchronous orbits at 22,300 miles altitude. Each satellite weights about 334 pounds in orbit, and has a capacity for about 1,200 simultaneous telephone calls, or four color TV channels.

COMSAT



The Bartlett earth station near Talkeetna, Alaska, newest and most northern in today's global satellite system, is equipped with a "dish" antenna 98.4 feet (30 meters) in diameter. The station can send and receive all forms of commercial communications via satellite: telephone, telegraph, facsimile, data and television.

Bartlett Earth Station For Satellite Communications





Bartlett Earth Station Talkeetna, Alaska

Satellite communications represent one of the latest advances in modern communications technology—a way to tap the vast resources of space for the service of man.

Today a worldwide system of high-quality satellite communications serves the peoples of many countries. In space third-generation commercial satellites ring the earth, providing coverage on a global scale. On the ground a network of earth stations

makes possible direct service to every major continent of the world.

Already, a substantial portion of all transocean long-haul commercial communications routinely is being handled by satellites.

Connected to conventional ground networks, this new and flexible means of communications provides greatly increased numbers of channels for all forms of communications—including telephone, telegraph and television.

A new communications era might be said to have begun when the world's first commercial satellite, Early Bird, was placed into operation over the Atlantic Ocean in June of 1965. This hardy little pioneer, weighing only 85 pounds in orbit, was "retired" from full-time service after more than 3½ years of operation and a remarkable record of 100 percent reliability.

In 1967, satellite service was extended for the first time to the Pacific area when the larger INTELSAT II series satellites were placed into service.

Now, the INTELSAT III series satellites—stationed over the Atlantic, Pacific and Indian Oceans—provide truly global coverage. Each one of these satellites has a capacity for approximately 1,200 voice circuits, or about five times the capacity of the earlier generation spacecraft. And work is nearing completion on the giant INTELSAT IV series satellites, each with a capacity of approximately 6,000 circuits, scheduled for launching in 1971.

Although satellites are complex instruments, the bulk of the equipment required in the present system is on the ground—the earth stations.

The Bartlett earth station in Alaska is characteristic of these ground facilities, which are being built in steadily increasing numbers around the world.

It is located on a forested tract near the village of Talkeetna, about 90 miles north of Anchorage. The name Talkeetna is said to be an Indian word meaning, "where three rivers meet." It is here that the Talkeetna and Chulitna Rivers flow into the Susitna River. Spectacular Mt. McKinley, the highest mountain on the North American continent (a peak of 20,320 feet), towers about 60 miles to the north.

All forms of long-haul commercial communications, sent and received at the speed of light (186,000 miles per second), can be processed through the Bartlett station—thousands of telephone calls, telegraph messages, high-speed data, facsimile, or television. It has the capability of linking Alaska via satellite with the lower 48 states and Hawaii, as well as with many countries or areas in the Pacific Basin operating through the same INTELSAT III satellite. These other Pacific areas include Australia, Guam, Hong Kong, Japan, Korea, The Philippines, Republic of China (Taipei) and Thailand.

The role of the Bartlett station is to process signals sent and received via



a satellite stationed in a synchronous orbit over the Pacific Ocean 22,300 miles above the equator.

The satellite's speed is adjusted (or synchronized) so that it keeps pace with the earth's rotation; thus, it appears to remain stationary over one spot on earth. It acts essentially as a radio relay tower in space—receiving, amplifying and repeating the communications signals sent by earth stations. The beam of the satellite covers an area embracing one-third of the earth.

An earth station is a doorway to this system. Through these ground installations, new channels of communications can be established for increased international exchange between many different countries and many different areas. Flexibility of the system permits communications between one station and another, or between many stations at the same time.

The Bartlett earth station incorporates many of the latest advances in space communications technology. It is equipped to work with INTELSAT II and III series satellites, as well as the INTELSAT IVs of 1971.

So rapid has been the development of this new technology—both in space and on the ground—that the Bartlett facility often is referred to as a fourth generation station. Each successive generation of station has been characterized by better performance, wider bandwidth, lower cost and simplified operation and maintenance.

The landmark of the Bartlett station is its dish-shaped antenna 98 feet in diameter, which is mounted atop a 16-foot high concrete pedestal, which also serves as the control building. The antenna structure is mounted on wheels which can be rotated on a track 50 feet in diameter on top of the circular control building.

Although the antenna structure stands as tall as a 10-story building and weighs 315 tons, it can be rotated rapidly one degree per second and precisely track a satellite stationed at 22,300 miles altitude to within two one-hundredths ($\frac{2}{100}$ ths) of a degree.

Communications are transmitted and received at the same time at microwave frequencies. Transmitted signals are in the six gigacycle range (6 billion cycles per second) and received signals are in the four gigacycle range.



INTELSAT III satellite—56 inches in diameter, 41 inches high; 335 pounds in orbit; 1,200-circuit capacity; in use today in global system.

Communication signals received from a satellite are only a fraction of a watt in power—mere space whispers—by the time they reach the earth station. Here they are amplified a millionfold or more, funneled by the antenna into supersensitive receiver-amplifiers, again boosted in power, then further processed through the station. These receiver-amplifiers are cooled by helium to temperatures approaching absolute zero to minimize molecular noise that might interfere with the quality of the faint incoming signals.

For outgoing signals, the antenna transmits information at the same time to the satellite on a different frequency, concentrating these signals into extremely accurate, narrow beams.

Centralized operation of the station is handled in the control building, which houses a maze of sophisticated equipment. A unique feature of the Bartlett station is the location of major electronic and control facilities in the circular concrete structure directly beneath the antenna structure. This compactness pays off in greater ease of maintenance and reduced operating costs. The station is manned around the clock by a total staff of about 16 persons.

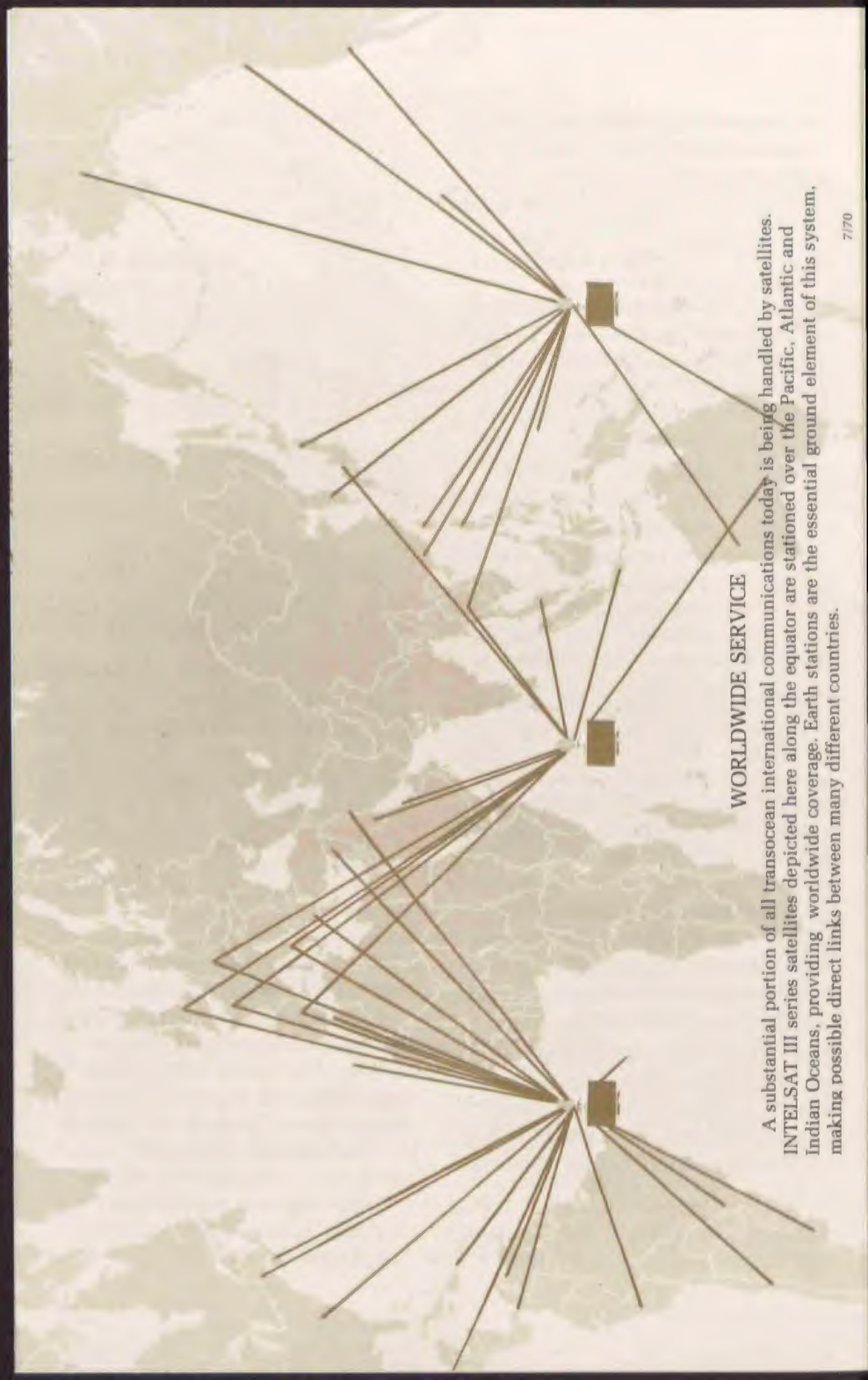
The Bartlett station is the farthest north of its kind in the system. Four fully automatic 225 kilowatt diesel generators provide the remote station with its own uninterrupted source of power.

Although communications processed through the station are amplified



The large "dish" antenna is 98 feet in diameter. It sends and receives communications via satellite stationed in orbit 22,300 miles above mid-Pacific.

many separate times, then sent and received thousands of miles through space, the operation takes only a fraction of a second. The voice quality of an individual telephone call sent via the commercial satellite system is as clear as though the call were made from next door. Television, teletypewriter, data or other general communications are of high quality, meeting or exceeding international standards.



WORLDWIDE SERVICE

A substantial portion of all transoceanic international communications today is being handled by satellites. INTELSAT III series satellites depicted here along the equator are stationed over the Pacific, Atlantic and Indian Oceans, providing worldwide coverage. Earth stations are the essential ground element of this system, making possible direct links between many different countries.

The satellites in the system are owned by INTELSAT (International Telecommunications Satellite Consortium). This unique worldwide partnership formed in 1964 to develop global satellite communications had grown to a membership of more than 76 countries by mid-1970. COMSAT represents the U. S. in INTELSAT. The earth stations in the system, however, are owned by organizations in the countries where they are located.

The number of system circuits leased for voice and message service has progressively increased as higher-capacity satellites have gone into service, and as new earth stations have gone on the air. By far the greatest volume of traffic is telephony.

But international television programming represents one of the most dramatic uses of the satellite system. An audience estimated by broadcasters at 500 million persons in 40 countries on five continents was able to witness the sights and sounds of the epic Apollo 11 moonlanding mission in July of 1969.

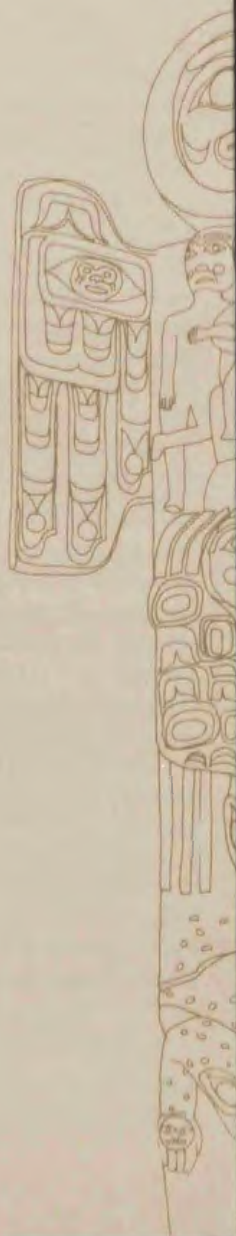
And new communications uses are emerging that were not considered possible or practical before. In one actual test, computers talked business to other computers across an ocean at the rate of 50,000 words per minute—16 times normal speeds. This opens the possibility of linking computer storage and retrieval centers via satellite, ultimately making the libraries of one country instantly available at the push of a button to scholars and scientists in other countries.

Electrocardiograms have been exchanged between countries through satellites, permitting medical experts to diagnose heart ailments of patients located thousands of miles distant. Customs clearance was arranged in advance for all passengers while enroute on a trans-ocean airlines flight by sending the necessary information ahead by satellite in the form of high-speed data. And the potential of picture telephone transmissions by satellite already has been demonstrated between the U. S. mainland and overseas points.

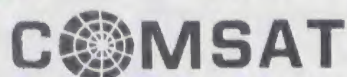
The spectacular capabilities of this new communications means can have a profound impact on man's future. The Bartlett earth station in Alaska has a vital role in that future.



COMSAT



Communications Satellite Corporation
Information Office • 950 L'Enfant Plaza, S.W.
Washington, D. C. 20024



COMMUNICATIONS SATELLITE CORPORATION

For Release Thursday
June 25, 1970
No. 70-34

Note:

Materials and photos in this information kit are for use in advance of, or in conjunction with, dedication ceremonies for the new Bartlett earth station at Talkeetna, Alaska.

SATELLITE EARTH STATION DEDICATION

SCHEDULED FOR JUNE 30

The new Bartlett earth station for commercial satellite communications will be dedicated in ceremonies open to the public on Tuesday, June 30, starting at 2:30 p.m. local time.

The COMSAT station, newest and most northern in the present global satellite system, is located at Talkeetna about 100 miles north of Anchorage along Route 3 in the Susitna River Valley.

Governor Keith H. Miller is scheduled to deliver the principal address on behalf of the State of Alaska. Members of Alaska's Congressional delegation and a number of industry, government and military officials are expected to be present at the site.

Dr. Joseph V. Charyk, President of Communications Satellite Corporation, will preside. Mrs. E. L. Bartlett,

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The brief outdoor ceremonies will be held at the base of the large antenna structure. Guests and visitors will be able to tour the facility. Demonstrations of communication services, including reception of television programs via satellite, are planned.

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To perform its tasks with a high degree of reliability, the station is equipped with specialized and sophisticated facilities. It was built under a contract awarded by COMSAT to General Telephone & Electronics International, Inc.

The large "dish" antenna is 98.4 feet (30 meters) in diameter -- large enough to cover the infield of a regulation softball diamond. The entire antenna structure, weighing more than 300 tons, is mounted on wheels riding a track 50 feet in diameter on top of the circular concrete pedestal.

The pedestal also serves as the central control room, which houses most of the operating electronic equipment. This compactness of design makes for easier maintenance and lower operating costs.

Communications are transmitted and received at the same time through the antenna at microwave frequencies. Transmitted signals are in the six gigacycle range (six billion cycles per second), and received signals in the four gigacycle range.

Although communications processed through the station are amplified many separate times, altered in frequency and filtered into different forms, then sent and received thousands of miles through space, the entire process takes only a fraction of a second. The voice quality of an individual telephone call sent via the commercial satellite system is as clear as if the call were made from next door. Television, teletypewriter, data and other general communications are of high quality, meeting or exceeding international standards.

The Bartlett station is one of eight U. S. stations. The other stations are at Brewster, Washington; Jamesburg, California; Paumalu, Oahu, Hawaii; Pulantat, Guam; Andover, Maine; Etam, West Virginia and Cayey, Puerto Rico.

###

Information Sheet: **THE GLOBAL SATELLITE SYSTEM**



Satellites

Earth Stations



COMSAT

COMMUNICATIONS SATELLITE CORPORATION

THE SYSTEM

The Satellites

The Bartlett earth station will work with an INTELSAT III series satellite stationed over the mid-Pacific. The first of the IIIs, the most powerful commercial communications satellite to date, was launched in 1968. Now there are three INTELSAT IIIs positioned over the Atlantic, one over the Pacific and one over the Indian Ocean.

INTELSAT IIIs are the third generation of commercial satellites. Their predecessors include:

--Early Bird (INTELSAT I), the world's first commercial communications satellite, launched from Cape Kennedy April 6, 1965, and placed in commercial operation over the Atlantic on June 28 of that year. This hardy pioneer was "retired" from full-time service in 1969 after more than 3½ years of operation and a remarkable record of 100% reliability.

--The INTELSAT II series satellites, three successfully launched and placed into service in 1967, one supplementing Early Bird over the Atlantic, and two positioned over the Pacific. These satellites had approximately the same capacity as Early Bird, but twice the area of coverage.

The following comparison shows improvements in each successive generation of satellite:

	(Early Bird) INTELSAT I	INTELSAT II	INTELSAT III
Two-way voice circuits	240*	240*	1,200
Or, TV Channels	1	1	4
Life Expectancy	18 months	3 years	5 years
Coverage Area	North of equator only	Full 1/3 of earth	Full 1/3 of earth
Size	28.4" dia. 23.25" high	56" dia. 26.5" high	56" dia. 41" high
Weight, in orbit	85 pounds	190 pounds	334 pounds

* Early Bird's antenna was focused for coverage only in the Northern Hemisphere. The INTELSAT IIs, with twice the power of Early Bird, provided coverage in both Northern and Southern Hemisphere.

The INTELSAT III is a "spin stabilized" satellite; that is, the cylindrical body spins at the rate of about 90 revolutions per minute. Much like a spinning top, this keeps the satellite stabilized in space. The antenna spins counter to the satellite at precisely the same speed, keeping its maximum energy beamed directly towards the earth. Mounted on the outside of a III are 10,720 tiny solar cells which convert sunlight into electrical energy for operating the satellite's equipment.

Work is now nearing completion on the next series of satellites -- INTELSAT IV. These large spacecraft, each standing 17½ feet high and weighing about 3,080 pounds before launch (1,584 pounds in orbit), are scheduled to be placed in service beginning in 1971. Each one will have a capacity averaging more than 5,000 circuits, or four times greater than the capacity of the present IIIs.

The Earth Stations

The growth of the system on the ground has been just as spectacular as the progress of the system in space.

In 1965 there were only four earth stations, all in the Atlantic region, in commercial service. By mid-1970, some 49 antennas at 41 earth station sites in 29 different countries were in commercial service around the globe. This is expected to increase to 55 antennas by the end of this year, and to grow to 76 antennas by the end of 1971.

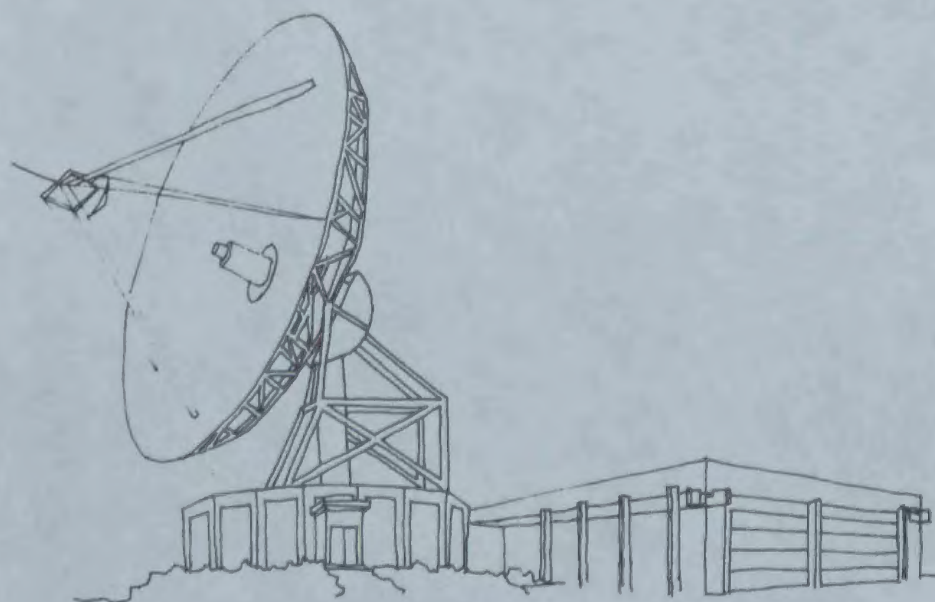
The ground and space portions of the satellite system involve distinctly different and unique ownership arrangements. The earth stations are owned by organizations in the countries or their territories in which they are located. There are eight U. S. stations in commercial operation, including the Bartlett station.

The satellites in the system, however, are owned by INTELSAT (International Telecommunications Satellite Consortium).

###

Information Sheet:

COMSAT



COMMUNICATIONS SATELLITE CORPORATION

COMSAT

Communications Satellite Corporation is perhaps unique among American companies. Its roles include those of a U. S. common carrier company, and U. S. representative in an international organization.

COMSAT's basic charter is the Communications Satellite Act of 1962, signed into law by President John F. Kennedy on August 31 of that year. The Act called for establishment of a global commercial satellite system as expeditiously as possible, in cooperation with other countries, to be open without discrimination to all.

The U. S. company formed to carry out that Congressional mandate is COMSAT.

COMSAT is a private company -- not a government agency. Its stock is widely held by thousands of shareowners, and it is closely regulated like other communications carrier companies by the Federal Communications Commission.

Internationally, COMSAT is the U. S. representative in INTELSAT, and it also serves as the Manager for that worldwide consortium, now grown to 76 member countries.

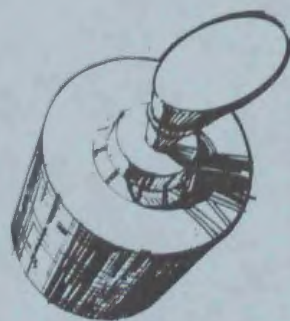
The Corporation presently has ownership interests in eight U. S. earth stations, including 100 percent in the Bartlett station; and it also has a majority ownership in the satellites and related "space segment" facilities in the present global system. In addition, COMSAT has developed plans for a proposed domestic U. S. satellite system, and an aeronautical satellite system to serve aircraft in flight over the Pacific and Atlantic.

The company was incorporated in the District of Columbia in February of 1963. It presently has about 1,300 employees. COMSAT's headquarters are located in Washington, D. C. A new \$12 million COMSAT Laboratories complex in suburban Montgomery County, Maryland, was opened in 1969, centralizing the company's broad research activities in one modern facility.

###

Information Sheet:

INTELSAT



COMSAT

COMMUNICATIONS SATELLITE CORPORATION

INTELSAT

INTELSAT (International Telecommunications Satellite Consortium) was established in 1964 as an international partnership to develop a global satellite system.

Two international agreements for interim arrangements, first opened for signature on August 20, 1964, set forth the goals and organizational structure of INTELSAT.

The growth rate of the partnership--from 11 countries initially to 76 at the present--has been cited as one of the fastest of any international organization in history.

Each member country of INTELSAT is assigned a quota, or share in the system. In general terms, the country pays its assigned quota of costs, and receives its quota of revenues from satellite operations. Communications Satellite Corporation (COMSAT) is the U. S. representative in INTELSAT, and COMSAT serves as manager for INTELSAT.

The governing body of INTELSAT is the Interim Communications Satellite Committee (ICSC), which establishes general policies for the organization.

The interim arrangements, under which INTELSAT now operates, will remain in force until they are superseded by permanent arrangements. Negotiations now are being held to consider definitive, or permanent, arrangements.

The 76 members of INTELSAT, as of July 1, 1970, were:

Algeria	Ethiopia	Korea
Argentina	France	Kuwait
Australia	Germany	Lebanon
Austria	Greece	Libya
Belgium	Guatemala	Liechtenstein
Brazil	India	Luxembourg
Cameroon	Indonesia	Malaysia
Canada	Iran	Mexico
Ceylon	Iraq	Monaco
Chile	Ireland	Morocco
China	Israel	The Netherlands
Colombia	Italy	New Zealand
Congo	Ivory Coast	Nicaragua
(Kinshasa)	Jamaica	Nigeria
Denmark	Japan	Norway
Dominican	Jordan	Pakistan
Republic	Kenya	

Panama
Peru
Philippines
Portugal
Saudi Arabia
Senegal
Singapore
South Africa
Spain
Sudan

Sweden
Switzerland
Syria
Tanzania
Thailand
Trinidad and
Tobago
Tunisia
Turkey
Uganda

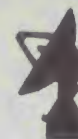
United Arab
Republic
United Kingdom
United States
Vatican City
Venezuela
Viet Nam
Yemen
Yugoslavia
Zambia

###

THE WORLD'S
EARTH STATIONS
for
SATELLITE COMMUNICATIONS



WORLDWIDE
EARTH STATION DEVELOPMENT



Earth stations for sending and receiving commercial satellite communications are an essential element in the growth and expansion of this new means of global communications.

By mid-1970 a total of 49 station antennas were in commercial operation around the world, located on every inhabited continent. By the end of 1971, more than 70 stations are expected to be in service.

In space, INTELSAT III series satellites are stationed over the Atlantic, Pacific and Indian Oceans, providing coverage on a truly global scale.

General standards, or technical and operating characteristics, for earth stations in the commercial satellite system are established by the governing body of INTELSAT (International Telecommunications Satellite Consortium). Each country, or an entity designated by it, owns and operates its own station.

In recent years, new stations have been built, others are under construction or planned, and some older stations have been improved or equipped with new antennas to meet greater demands. The following is a country-by-country list of earth station information compiled from the latest sources available:

<u>Country</u>	<u>Date of Operation</u>
1. Algeria	1972
2. Argentina	Balcarce: new station located about 250 miles southwest of Buenos Aires, began commercial service in September of 1969. It is operated by Empresa Nacional de Telecomunicaciones (ENTEL).



	<u>Country</u>	<u>Date of Operation</u>
3.	Ascension Island (United Kingdom)	A small station with a 42-foot antenna, located on Donkey Plain, primarily for NASA support service, but also handles other commercial channels, began operations April, 1967. Cable & Wireless, Ltd., operates the station.
4.	Australia	<ol style="list-style-type: none"> 1. Moree: a station with 90-foot antenna, located near Moree north of Sydney, began commercial operation May, 1968. All stations are operated by the Australian OTC (Overseas Telecommunications Commission). 2. Carnarvon: station site, located north of Perth, has new standard antenna which began commercial service via Pacific satellite in October of 1969. 3. Ceduna: new station built in south Australia at same time as above Carnarvon antenna, began commercial operation via Indian Ocean satellite in December of 1969.



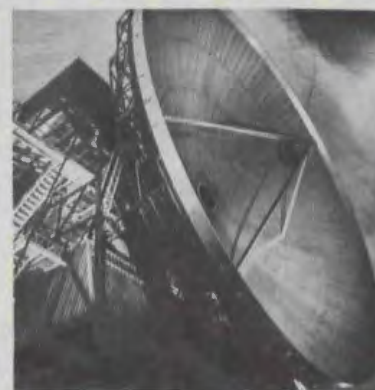
- | | <u>Country</u> | <u>Date of Operation</u> |
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| 5. | Bahrain | Ras Abu Jarjur: new station with 90-foot antenna, began service via the Indian Ocean satellite, July of 1969. Cable & Wireless, Ltd., operates the station. |
| 6. | Barbados
(United Kingdom) | 1971 |
| 7. | Brazil | Tangua: new station with 98-foot antenna, located about 20 miles northeast of Rio de Janeiro, began commercial operations in February of 1969 via Atlantic satellite. Station is operated by Empresa Brasileira de Telecomunicações (EMBRATEL). |
| 8. | Cameroon | 1971 |
| 9. | Canada | 1. Mill Village No. 1: the station, located in Nova Scotia, is equipped with an 85-foot diameter antenna protected by a radome. It was first used for commercial service in October of 1969. |

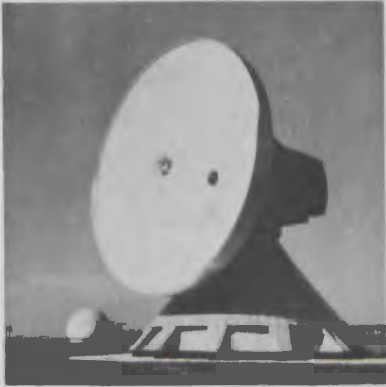




- | | <u>Country</u> | <u>Date of Operation</u> |
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| 9. | Canada
(Cont.) | 2. Mill Village No. 2: a second antenna 90-feet in diameter built on the same site, began commercial service January of 1969. Station complex is operated by COTC (Canadian Overseas Telecommunications Corp.) |
| 10. | Chile | Longovilo: a station with 97-foot antenna, located southwest of Santiago, began commercial service July of 1968 — the first in Latin America. It is operated by Empresa Nacional de Telecomunicaciones (ENTEL Chile). |
| 11. | China,
Republic of | Taipei (Chin-Shan-Li): station with 100 foot antenna began service in December of 1969, via Pacific Ocean satellite. The complex is operated by the Chinese Government Radio Administration (CGRA). |
| 12. | Colombia | Choconta: a new standard station, located about 50 miles north of Bogota, began Atlantic area service in March of 1970. It is operated by Empresa Nacional de Telecomunicaciones (TELECOM). |



	<u>Country</u>	<u>Date of Operation</u>	
13.	Congo, Democratic Republic of (Kinshasa)	1971	
14.	Ecuador	1971	
15.	Ethiopia	1972	
16.	France	1.	Pleumeur-Bodou No. 1: station was one of first used for commercial service via Early Bird satellite in June of 1965. The facility, located in Brittany, is equipped with "horn" antenna. Station complex is operated by the Ministry of Posts and Telecommunications.
		2.	Pleumeur-Bodou No. 2: a new standard antenna at the same site, began commercial operations in November of 1969 with an Atlantic INTELSAT III satellite.
		3.	Martinique: 1971
17.	Germany	1.	Raisting No. 1: station, equipped with an 82-foot antenna is located in Bavaria about 20 miles southwest of Munich; one of the first five stations that began service via Early Bird in June of 1965.



<u>Country</u>	<u>Date of Operation</u>	
17. Germany (Cont.)	2. Raisting No. 2: a new antenna, for use with Indian Ocean satellite, began commercial service in October of 1969. The station complex is operated by Deutsche Bundespost.	
18. Greece	Thermopylae: new station equipped with 100 foot diameter antenna, is located about 115 miles northwest of Athens. It began service via Atlantic satellite in April of 1970. Station is operated by the Hellenic Telecommunications Organization (OTE).	
19. Hong Kong (United Kingdom)	1. Stanley Peninsula, No. 1: new station with 90-foot diameter antenna began commercial service with Pacific INTELSAT III satellite in September of 1969.	
	2. No. 2: 1971 (1st quarter) a second antenna for Indian Ocean service. Cable & Wireless, Ltd., is operator of station complex.	
20. India	Arvi: a new standard station for use with Indian Ocean satellite is scheduled to be ready about September of 1970.	

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| 21. Indonesia | <p>1. Djatiluhur: a new standard, operating with the Indian Ocean satellite, began service in September of 1969. It is operated by the Indonesia Satellite Communications Corp. (Indosat).</p> <p>2. Djatiluhur: a second antenna is planned for use with the Pacific satellite, 1974.</p> |
| 22. Iran | <p>Asadabad: a new standard station began operation in October of 1969 via the Atlantic Ocean satellite. The Post, Telegraph and Telephone Ministry owns and operates the station.</p> |
| 23. Israel | 1972 |
| 24. Italy | <p>1. Fucino: new antenna 90-feet in diameter, located at site of Fucino about 80 miles east of Rome, began commercial service August, 1967. It replaced a smaller antenna that began service in 1965 via Early Bird. Operator of the station complex is Societa Telespazio.</p> |



<u>Country</u>	<u>Date of Operation</u>	
24. Italy (Cont.)	2.	Fucino No. 2: new standard antenna for Indian Ocean service, located on same site, began commercial service via Indian Ocean satellite in June of 1970.
25. Ivory Coast		1971
26. Jamaica		1971
27. Japan	1.	Ibaraki: an antenna 90-feet in diameter replaced smaller antenna that first began service January, 1967. Located about 90 miles north of Tokyo, it started commercial service in March of 1968.
	2.	Yamaguchi: new station with 90-foot antenna began service in July of 1969 via Indian Ocean satellite. Both stations are operated by Kokusai Denshin Denwa Co., Ltd.
28. Jordan		1970 (December)
29. Kenya (East Africa: a joint undertaking of Kenya, Tanzania, Uganda)		Mt. Margaret: a new station in Kenya's Rift Valley, will serve the East African countries of Kenya, Tanzania and Uganda. It is scheduled to become operational for Indian Ocean service in August of 1970. It will be operated by East African External Telecommunications Co., Ltd.



	<u>Country</u>	<u>Date of Operation</u>
30.	Korea, Republic of	Kum San: a new standard station operated by the Ministry of Communications. It began service in April of 1970, via Pacific satellite.



31.	Kuwait	Umm Al-Aish: new standard station located in the State of Kuwait began service via the Indian Ocean satellite in October of 1969. The Ministry of Posts, Telegraphs and Telephones operates the station.
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32.	Lebanon	Arbaniyeh: standard station began service via Atlantic Ocean satellite in September of 1969. It is operated by the Ministry of Posts, Telegraphs and Telephones.
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<u>Country</u>	<u>Date of Operation</u>
33. Malaysia	Kuantan: new station located about 100 miles east of Kuala Lumpur, started service in March of 1970, via Indian Ocean satellite. It is operated by the Ministry of Works, Posts and Telecommunications.
34. Mexico	1. Tulancingo: station with 105-foot antenna, located about 80 miles northeast of Mexico City, began full-time commercial service in January of 1969. Department of Communications and Transportation operates the station.
35. Morocco	Sehoulis: a new station located about 12 miles northeast of Rabat, began service via Atlantic Ocean satellite in December of 1969. It is operated by the Societe Marocaine des Telecommunications par Satellite (Somatelsat).
36. Netherlands	1973
37. New Zealand	Warkworth: the station, with 97-foot antenna, is under construction for New Zealand Post Office; expected to be in service by May of 1971.
38. Nigeria	Lanlate No. 1: December of 1970, to work with Atlantic satellite.



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| 38. | Nigeria
(Cont.) | Lanlate No. 2: Late 1971, a second antenna for use with Indian Ocean satellite. |
| 39. | Pakistan,
East
West | Chittagong Hill Tracts: 1971
Karachi: 1971 |
| 40. | Panama | Utibe: a station with 98-foot antenna, located about 30 miles north of Panama City, began operations in September of 1968. Page Communications Engineers, Inc., operates the station for INTERCOMSA. |



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| 41. | Peru | Lurin: new standard station, located about 20 miles south of Lima, began operations with 100-foot antenna in July of 1969, via Atlantic INTELSAT III satellite. It is operated by Empresa Nacional de Telecomunicaciones (ENTEL Peru). |
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| 42. | Philippines | Tanay No. 1: station with 97-foot antenna at Tanay, about 30 miles east of Manila, went into operation with Pacific satellite April, 1968, replacing older 42-foot antenna that first opened service April, 1967. It is operated by Phil-Comsat. |
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Tanay No. 2: 1971

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| 43. | Saudi Arabia | 1972 |
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<u>Country</u>	<u>Date of Operation</u>
44. Senegal	1971
45. Singapore	August 1971 - to work with Indian Ocean satellite.
46. Spain	<ol style="list-style-type: none"> 1. Buitrage No. 1: station complex with 85-foot antenna, located about 50 miles north of Madrid, began operations via Atlantic satellite in January of 1968. Compania Telefonica Nacional de Espana operates the station. 2. Buitrage No. 2: a second antenna, 98-feet in diameter, for service via Indian Ocean satellite, started operations in April of 1970. 3. Grand Canary Island No. 1: twin 42-foot antennas, located near Mespalomas, used primarily for NASA support service, went in operation April of 1967 (non-standard). 4. Grand Canary Island No. 2: new standard antenna scheduled for service in 1971.
47. Sudan	1972
48. Sweden (Nordic Earth Station: a joint undertaking of Sweden, Norway, Denmark, Finland)	Tanum, Sweden: 1971



<u>Country</u>		<u>Date of Operation</u>
49.	Switzerland	1973
50.	Thailand	1.
		Sri Racha No. 1: station with 97-foot antenna, located about 50 miles from Bangkok, became operational across Pacific April of 1968. It replaced a transportable facility at same site that had been in service since May, 1967.
		2.
		Sri Racha No. 2: second standard antenna, for Indian Ocean service, started service in April of 1970. Post and Telegraph Department of Kingdom of Thailand operates the station complex.
51.	Trinidad and Tobago	1971
52.	Turkey	1972
53.	United Arab Republic	1972
54.	United Kingdom	1.
		Goonhilly Downs No. 1: located in Cornwall, England, one of the first stations that began commercial service via Early Bird satellite in June, 1965. Antenna and related equipment underwent modifications to fit it to work with Indian Ocean satellite in July of 1969.



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| 54. | United Kingdom
(Cont.) | 2. | Goonhilly Downs No. 2: a second large antenna at same site became operational in November of 1968, replacing No. 1 for service via Atlantic satellite. The Post Office Corp. operates the station complex. |



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| 55. | United States | 1. | Andover, Maine: station, with horn antenna, was one of the first stations that began commercial service via Early Bird satellite in June of 1965. It operates with an INTELSAT III Atlantic satellite. Communications Satellite Corp. (COMSAT) operates the station. |
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| | | 2. | Brewster Flat, Washington: located about halfway between Seattle and Spokane, began service December, 1966, via Pacific INTELSAT II satellite. It now works with an INTELSAT III Pacific satellite. The antenna has been enlarged to 97-foot diameter. COMSAT operated. |
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| | | 3. | Paumalu, Hawaii: site on island of Oahu, about 40 miles north of Honolulu. Largest station of its kind with two large antennas, including new 97-foot antenna, and 85-foot antenna which was modified in 1969 and enlarged to 97 feet. COMSAT operated. |
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<u>Country</u>	<u>Date of Operation</u>
55. United States (Cont.)	<p>4. Etam, West Virginia: now the major U. S. East Coast station handling Atlantic area traffic. Station has 97-foot antenna, first used October 1968. It is a sister station to those built at the same time in 1968 in Puerto Rico and California. COMSAT operated.</p> <p>5. Cayey, Puerto Rico: similar in construction to sister stations in West Virginia and California. It is located about 35 miles south of San Juan. The station was used in commercial operation to make possible the first live network TV in Puerto Rico in October 1968; went into full commercial operation in January, 1969. COMSAT operated.</p> <p>6. Jamesburg, California: sister to the above two stations, located on Cachaqua Road off upper Carmel Valley about 35 miles southeast of Monterey in Central California. It began full-time commercial operations, serving U.S. and Pacific, December 1, 1968. COMSAT operated.</p> <p>7. Pulantat, Guam: new station with 98-foot diameter antenna, located about four miles from capital city of Agana. The station began commercial service November 2, 1969. RCA Globcom is station operation manager; COMSAT is system manager.</p>



<u>Country</u>		<u>Date of Operation</u>
55.	United States (Cont.)	8. Bartlett, Alaska: station located near Talkeetna about 90 miles north of Anchorage, began service in July of 1970, operating with a 98-foot antenna via Pacific INTELSAT III Satellite. COMSAT-operated.



56.	Venezuela	Camataqua: 1970 (November)
57.	Viet Nam, Republic of	1971
58.	Yugoslavia	1974
59.	Zambia	1971

TRACKING, TELEMETRY & COMMAND STATIONS

MONITORING DUTIES

Four specialized ground stations are used for tracking, telemetry and command (TT&C) duties to maintain a continuous check on the satellites in the system.

These specialized facilities are located at earth station sites at Fucino, Italy; Andover, Maine; Paumalu, Hawaii and Carnarvon, Australia.

These TT&C stations track the satellites, both during and after launch; receive telemetry data back from the satellites providing information on their performance and status (spin rate, voltage, temperature, etc.); and transmit commands when necessary to change the position of the satellite or activate onboard communications components.

Because of the steady growth in traffic and in the number of earth stations, and the consequent demands of an increasingly complex system, the duty of System Monitoring was being added to TT&C duties during 1970 at the four TT&C sites.

The monitoring duty is performed to assure that proper signal power levels are maintained in the system, and that frequency allocations made to every station using the same satellite are observed by all. This is accomplished by monitoring satellite e. i. r. p. (effective isotropic radiated power), carrier frequency, deviation and out-of-band noise. The purpose is to assure efficient use of the system for all.

Australia & U.S.

Carnarvon, Andover, Paumotu: non-standard 42-foot diameter "sugar scoop" antenna and related equipment are used for full-time TT&C duties at three different locations. The antennas at all three sites are similar in manufacture to the one pictured, which is located at Carnarvon, Australia.



Italy

Fucino: this TT&C facility, like the three above, is located on the site where a standard antenna is used for commercial satellite communications purposes. This permits monitoring duties to be switched between the TT&C antenna and a nearby standard antenna, if necessary.



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