


Meeting -- Tuesday, April 8, 1969 -- 11:00 a.m.

Ted Westfall, Executive Vice President,
International Telephone & Telegraph Corporation
Joseph Gancie, Vice President, ITT World Communications
John Ryan, Deputy Director, ITT Washington Relations



GLOBAL GATEWAY -- This 90-foot diameter antenna at Djatiluhur is part of newly completed earth satellite station which will link Indonesia to major countries of the world. The terminal, including 62-mile microwave link and associated electronic equipment, was built by International Telephone and Telegraph Corporation in cooperation with the Indonesian government.

A dramatic sky with a rainbow and clouds. The rainbow is a faint, multi-colored arc in the upper left. The clouds are dark and textured, filling most of the frame.

a talk by

T. B. Westfall, Executive Vice President

International Telephone and Telegraph Corporation

International Communications

The Problems of Progress

International Communications Association
Benjamin Franklin Hotel
Philadelphia, Pennsylvania
May 6, 1968

ITT

" . . . As a member of the Comsat Board of Directors, I welcome this opportunity to pay public tribute to the management of that company for getting the satellite system up and working . . . "

" . . . a lot of people think that communications progress came to an end when satellites were invented . . . "

" . . . in the long run, the factor determining the future mix of satellite, cable, and other forms of communication will be the test of what each does best —and at what cost . . . "

International Communications

The Problems of Progress

I wouldn't want you to get the wrong impression of my talk from its title, which is "International Communications—the Problems of Progress." My only interest in problems is how to solve them. But I find that speakers who address meetings such as this have a tendency to paint glowing pictures of miracles that lie just around the corner, thanks to science in general and communications in particular. The problems are usually ignored.

This sort of thing can win a man a reputation as a prophet, if his audience lives long enough. But it isn't very helpful to people like you, whose job is to perform minor miracles of communication daily with budgets that seldom match the objectives you are expected to attain. Each time you spend a buck, therefore, you need to know the problems as well as the promises of progress. That is why I want to discuss with you today some practical considerations that are going to affect the direction and rate of progress in communications over the next few years.

Let's begin with satellites. The spectacular advances made by satellite communications are witness to a host of problems already overcome. Those problems have involved politics, finance, diplomacy, law, administration, and salesmanship, no less than research and engineering. Everyone in the industry recognizes the superlative job that the Communications Satellite

Corporation—COMSAT—has done in solving problems to date. As a member of the Comsat Board of Directors, I welcome this opportunity to pay public tribute to the management of that company for getting the satellite system up and working.

But I would do you no favor if I were to leave you with the impression that the problems of satellite communication have all been solved. And if you are to judge correctly the future of satellites in communications, you need to know at least what the more important of those problems are. High on the list of them is the relationship between satellite and other forms of communication.

Judging by what I read in the newspapers, a lot of people think that communications progress came to an end when satellites were invented. Or, if they admit the possibility of further progress, they assume it will be limited to satellites. The International Telecommunication Union probably contributed to this view when it published its recent centennial volume under the title, "From Semaphore to Satellite." And COMSAT itself may have unwittingly encouraged the misapprehension in its eagerness to promote the only product it has to sell.

Death of cables first announced in 1912

But you are hard-headed businessmen, so you will question on principle the wisdom of putting all your eggs in one basket. History supports you. I have here a photostat of the front page of *The San Francisco Call*, with a headline reading "Death Knell of Ocean Cable is Rung." We have seen a lot of headlines like this since Early Bird's inaugural in 1965. But this one has nothing to do with Early Bird. Its date is *July 29, 1912*. The event it featured was the first spanning of the Pacific, from San Francisco

to Honolulu, by the Poulsen radio system pioneered by Federal Telegraph Company, a predecessor of ITT World Communications.

You will find that everything the radio enthusiasts predicted in 1912 has since come true, with one exception—the cables have not died. They have not died because they had then, and still have, certain unique advantages that radio cannot match. They have also shared with radio many of the basic engineering advances of our time—for example, solid-state technology.

Lincompex gives HF radio new lease on life

This combination of unique advantages and common access to modern technology is also keeping very much alive some older forms of radio that many people thought were dead or dying. For example, low-frequency radio is still employed by the Navy to communicate with submarines cruising beneath the surface of the ocean, for the excellent reason that no other technique is equally effective. Again, the recent development of LINCOMPEX (linked compressor expander) has probably saved high-frequency radio from the grave that satellite enthusiasts had prematurely dug for it.

If you haven't yet talked on an HF LINCOMPEX circuit, several of which are now in operation between this country and South America, you should make it a point to do so. You will find the quality of your conversation hard to distinguish from any you have had over a coaxial cable, and you will be relieved to find no trace of the delay that annoys you when using satellites. Were it not that the system is limited to voice and to the entirely inadequate capacity of the HF radio frequency spectrum, both coaxial cables and satellites would be in for a rough time, because HF LINCOMPEX is so much cheaper than either of them. Even so, I

predict a long and healthy life for the HF radio corpse—as revived by LINCOMPEX.

Because each form of communication has special excellences that the others cannot match, each has a firm base of operations from which to compete with the others in borderline areas. Also, from time to time, each will secure a technological jump on the other, and so carry on into the future the game of leapfrog that has characterized the past.

The original transatlantic cables, with their limited number of channels capable of providing only telegraph communication at very slow speeds, held the stage from 1865 until radio made its appearance early in the present century. The newcomer—radio—was far cheaper than the older cables and, in addition, could offer transatlantic telephone service for the first time.

Satellites and the radio frequency spectrum

But radio had problems of its own—most notably, a frequency spectrum too limited to handle very long the increasing demands upon it. On land, utilization of microwave frequencies afforded some relief wherever it was practicable to erect towers to relay its line-of-sight transmissions. Not until the appearance of satellites, however, was it possible to transmit microwaves across the oceans.

But even satellites cannot cure the problem of the limited frequency spectrum that afflicts microwave radio as surely as it does HF radio, although not to the same degree. In addition, satellites introduce two further major weaknesses of their own—namely, those of parking space and time delay. It will help us to assess the future of satellite communications if we consider each of these problems in more detail.

First, the limited frequency spectrum. Microwave transmission at 10 GH and above is subject to both attenuation and scatter by rain, snow, fog, smog, and dust-storms. The problem of attenuation might be solved by building several alternative ground stations several hundred miles apart. But the expense of that solution would cripple the ability of satellites to compete on economic grounds with other forms of communication. The scatter effect, for its part, would interfere with other microwave services on earth, and so is equally inadmissible.

Problems of parking space and time delay

The problem of parking space is one associated with our present system of geosynchronous satellites in equatorial orbit 22,300 miles above Earth. Because these satellites are able to relay messages only between Earth stations that they can "see," parking space for the satellites needed to serve areas of greatest demand is at a premium. Even if the present requirement for 1° of distance between satellites should be reduced to one-tenth of 1° , available parking space would still fall short of what would be necessary to provide the national and regional networks, educational networks, military networks, and all the others now being proposed in addition to the international network we are building.

The third limitation of satellites—that of time delay—is the most serious of all, because the only cure for it would seem to be a change in the 186,000-mile-a-second speed of light. One 45,000-mile round trip from Earth to satellite and back thus produces a quarter-second delay, which can be tolerated by the human ear but creates problems for certain data systems under present technology. But a single hop cannot carry traffic half-way around the world. For

that, two hops are necessary, and the resulting half-second delay is totally unacceptable to the ear and intensifies the problem of data systems.

Cables have problems, too

Cables also have their difficulties. Although the original telegraph cables continued in service long after the introduction of radio early in this century, they did so mainly because of their durability and the fact that their cost had in most cases been written off. It was not until the development of submarine coaxial cables, which could carry voice and were immune to the fading and frequency problems of radio, that cables got back into the competitive picture.

The principal limitations of submarine coaxial cables, when they made their bow in the 1950's, were their cost and their limited channel capacity. But as successive cables were built, their capacity was increased and their cost per circuit was reduced. The first transatlantic telephone cables—TAT-1 and TAT-2—and the first such cable between this country and Puerto Rico, were dual cables that yielded only 48 channels together. The cable that is being laid this summer from Florida to the Virgin Islands, and the TAT-5 cable planned for the Atlantic in 1970, provide 720 channels over a single cable. Those 720 channels can be increased from 80% to 90% for voice by using TASI.

Laboratory development of a 1,540-channel cable will be completed next year, and 3,000-channel cables will be available three or four years after that. Because of this increasing capacity and a 20-year life in which to write off costs, the modern submarine coaxial cable is and will remain fully competitive in price to anything that satellite communication can

offer, even when the projected 5,000/6,000-channel Intelsat IV series of satellites goes into operation in the 70's. Latest calculations in connection with the TAT-5 cable indicate monthly operational and maintenance cost as being substantially less than the \$3,800 monthly it now costs to lease a satellite channel from COMSAT.

The charge has been made that TAT-5 will keep satellite costs higher than would otherwise be the case, because of the traffic they will take from satellites. Even if this were true, you as consumers would find it hard to understand why you should be debarred from the cheaper cables in order to make life easier for satellites. But the charge is not true. What keeps satellite costs up is the fact that, in order to meet increasing demands for service, one of two steps is required and both of them are expensive. The first is to put into orbit more satellites of the current model, which would be relatively cheap and permit those already there to be written off over their normal life span. But if you duplicate the satellites, you must duplicate the earth stations, which is much more expensive. The alternative is to write off existing satellites at an accelerated rate and replace them with newer—and more expensive—satellites of larger capacity. Cables do not have this problem; if you need more capacity, you simply add another cable and continue to use—and write off normally—the ones already there.

The issue between cables and satellites was squarely joined last fall when the U.S. carriers requested permission of the Federal Communication Commission to join with several European administrations to lay TAT-5. The Commission granted its permission in February of this year to file application to lay such a cable, subject to three principal conditions: completion of the project by early 1970, reduction of rates, and proportional fill of TAT-5 and the

satellite that serves the same area. This has been done.

As an interim solution, this Judgment of Solomon has undoubted merit. But I submit to you that, in the long run, the factor determining the future mix of satellite, cable, and other forms of communication will be the test of what each does best—and at what cost. Before leaving the subject, it will be worth considering what that break-out is apt to be.

Cables versus satellites

Satellites can do a number of things that cables cannot, and they can do a number of other things better or more cheaply than cables. These include navigation and traffic control; communications with airplanes, earth vehicles, and ships at sea; communications over vast expanses of water or little-developed land masses; and the distribution of audio and television programs to sparsely populated regions. The limited frequencies and parking space available to satellites should, therefore, be used primarily for these services.

In the same way, cables should be used primarily for services they can provide better than satellites. For example, all traffic destined for points farther than one satellite can take it will have to be carried beyond those limits by cables or other earth-bound systems, owing to the time-delay factor that precludes two-hop satellite service. Regional and domestic satellite systems cannot be linked to international satellite systems, or vice versa; cables at one end or the other will solve the problem. Cables will also provide the answer wherever traffic exceeds the capacity of radio frequencies to carry it. Someone has already remarked that you could pave the ocean floor with cables using the same frequency, without mutual interference. On land,

cables are likewise the indicated means of handling unlimited demands for traffic—at least until such time as wave guides and laser guides are ready to take over.

It is evident, I think, that cables, satellites, and some of the older forms of radio communication will be with us for a long time. This should please you, the customers, as much as it does us, the carriers—and for the same reason: the dependability of our service to you will be in direct proportion to the number of alternate routes and techniques available. Cables can be cut and satellites can be jammed. Even without jamming, satellites are as vulnerable to outages as cables. A study of the two systems across the Atlantic from 1 January 1967 through 31 July 1967, yielded these figures: for all cables, from cable head to cable head, 99.9% reliability; for Early Bird, from ground station to bird to ground station, 99.3% reliability. For all channels employing cables, from customer to customer, 99% reliability; for all channels employing the satellite, from customer to customer, 98% reliability.

Combination of systems is best

For customers and common carriers alike, the point is not which system is better but that neither system is perfect. Therefore, the presence of the two makes it easier to ride out failures in either one. That is why the cable Hot Line between Washington and Moscow has radio backup. That is why a system employing many cables is better than one employing a single satellite—no matter how sophisticated the satellite may be. And, in the unlikely event that the satellite and all the cables should go out together, we would be very glad to fall back on high-frequency radio—with or without LINCOMPLEX.

Other areas of potential progress

I will devote the time I have left to a brief review of several other areas of potential progress and some of the problems that need to be solved before those potentials can be fully realized. Some of the most troublesome problems have to do with economics. Not even our affluent U.S. society can afford to write off millions of dollars worth of long-line installations to meet the channel requirements of Rectiplex, which is capable of providing 108 channels instead of the usual 22 for each 3 kc of bandwidth, over landlines that are free of phase perturbation. Such landlines have been unobtainable in this country until this year. So far as the underdeveloped countries are concerned, the benefits of satellite communication for many of them are going to be small indeed until they build at least a rudimentary domestic communications network to serve their people as a whole.

The solution of these problems will require time, patience, and money—all of which seem to be scarce, these days. If nationalism were less, private enterprise could help far more than it is being given the opportunity to do. Because of nationalism, progress will be needlessly slowed to the bureaucratic pace of socialism in many parts of the world.

There is another group of services available, whose application is being held up either because of slowness of market development, or failure of the law to keep pace with commercial

need, or conflicts of interest that raise issues not yet solved.

For example, facsimile. It is now possible to print entire newspapers at virtually any distance by facsimile transmission from a single source. *The Wall Street Journal* is using this means to print its Western edition, and I understand that some London newspapers do the same with their provincial editions. My company proved last summer that the same thing can be done internationally, when it arranged for the transmission of the front page of the *London Daily Express* to Puerto Rico on the occasion of the Inter-American Press Association meeting there. But the market for this technique will remain unprofitably small until mergers in the publishing field create a demand that does not now exist.

Facsimile transmission

The application of facsimile to the transmittal of legal documents awaits the sanction of the law in many cases. I have had more than a little experience of shipping, and I know the problem of the last scheduled day in port for a freighter when the docks are jammed with last-minute shipments that must be checked and painstakingly entered by hand on bills of lading that have to be signed in triplicate and affixed to each item before the ship sails. If those documents could be completed after the ship left port, and forwarded by facsimile, a major headache would be solved. The same is true when ships unload and the bills of lading are found to be defective—facsimile transmission of the corrected documents could save thousands of dollars. To make this possible, we need pressure from the shipping interests to effect the necessary modification of the law.

For companies large enough to warrant com-

puterizing their document files, international access to such files by telex, coupled with facsimile transmission of the particular documents required, could save days for high-priced men in the field. An approach to this was demonstrated by us last summer in cooperation with Radio Suisse and Italcable, for the World Peace Through Law convention in Geneva, Switzerland, and the Italian Magistrates and Jurists convention in Campione, Italy. Delegates were able by means of telex to query the computerized library of Law Research Associates in New York, and get their case citations back by telex in seconds. Addition of facsimile would have permitted transmission of entire cases page by page within minutes—at the cost of a 48 kc channel. The demonstration we arranged last month for the U.S. Government, whereby electrocardiograms of a soldier in a hospital in Japan were sent to Houston, Texas for diagnosis, indicates yet another possibility. Here again, the limiting factor is cost, not law.

The computer inquiry

A recent newspaper article reported dissatisfaction among our weathermen with the advances in long-range forecasting so far realized from the pictures of global cloud-cover being received from our weather satellites. If the article was correct, what seems to be missing is the additional and simultaneous transmission of vital ground information as well—from 150 selected spots around the globe. But, said the writer, that would require a computer at each of the 150 locations, and, at \$5-million a computer, that is simply too much money to contemplate for this purpose at this time. Even if money were no problem, the conditions under which U.S. carriers might participate in such a network would not be known until the conclusion

of the Computer Inquiry now before the FCC. The FCC has already acted in another important field, as a result of your needs and the competition of our U.S. record carriers to meet them. I refer to customer derivation in international service of up to 22 channels over cables and up to 24 over satellites. This service is now available between overseas points where U.S. record carriers or their affiliates operate at both ends of cable or satellite circuits. Pending decisions at forthcoming regional telecommunication conferences, many government administrations overseas have indicated a willingness to permit customer derivation on a limited basis, such as one data channel and 3 telegraph channels. They are willing to consider customer requests for greater channel derivation on a case-by-case basis. We are hopeful that most overseas administrations will in due course accord customers the right of full channel derivation.

Marine telex

The fact that international communication always involves two ends of a circuit means that a latent problem in almost every area is negotiating the agreement of the corresponding government entity. One of the few exceptions is marine communication. We are making noteworthy progress in the area of marine telex. One of our major hurdles has been the seemingly logical assumption that the present level of marine telegraph cannot possibly warrant putting a teleprinter on shipboard. What this assumption overlooks, of course, is the volume of traffic that *would* exist if a teleprinter were aboard. By connecting ships through telex with shore-based computers, you can get all the advantages of having a computer on each ship, including the whole range of telemetering that would save days of time in port. In addition,

marine telex can facilitate new activities, such as the offshore exploration for oil and the monitoring of deep-sea diving so as to avoid the bends in divers while minimizing the time now spent in raising and lowering them.

The question of merger

No discussion of progress in international communications, and the problems thereof, would be complete without a word on the question of merging the U.S. record carriers, with or without COMSAT and the Long Lines Division of AT&T. This question has been more or less alive ever since the merger of the domestic telegraph system in the 40's left this country with a number of competing entities providing international service. The question has been the subject of several studies, including a recent one by the Stanford Research Institute. The problem was turned over last year to the President's Task Force on Communications Policy. President Johnson's announcement that he would neither seek nor accept nomination by his party for the forthcoming election preceded by several months the scheduled report of his Task Force. Politics in America being what it is, and merger being very much involved in politics, one cannot avoid the conclusion that further delays are inevitable.

Fortunately for you, the benefits of merger are no longer what they would have been 20 years ago, when competing radio and cable installations could seldom be justified on economic grounds. But today, with all carriers sharing common cable and satellite facilities to the extent their traffic warrants, this situation no longer obtains. For you, the consumer, the benefits of competition remain very real—as witness the host of new services and lower rates that have marked our industry in recent years.

My conclusion can be stated briefly and simply. We in the international communications industry produce few miracles, but we do make steady progress—by solving problems that are as varied as life itself. These problems are more apt to be economic than technological. We believe our ability to give you fast, reliable service requires the development and use of every means of telecommunication available to us. The fact that the services we offer today are better, more varied, and cheaper than they were a generation ago should not only help the advanced nations but also speed the development of those that still have far to go. With the help of you, our customers, and the cooperation of the legal profession, the FCC, and foreign administrations, we will continue to solve problems and serve you better, with or without merger.

And that is about it.

Thank you.



INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

320 PARK AVENUE

NEW YORK, N. Y. 10022

HAROLD S. GENEEN
CHAIRMAN AND PRESIDENT

November 4, 1969

Dr. Clay T. Whitehead
The White House
Room 110
Executive Office Building
Washington, D. C.

Dear Dr. Whitehead:

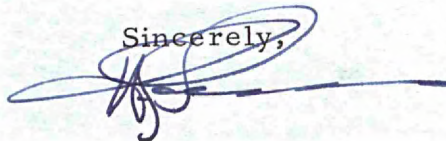
It was a pleasure to meet you and to be able to convey ITT's viewpoints in regard to several of the more pressing communication problems which confront the industry and government at this time.

Having an appreciation for the complexities of the issues involved and the far-reaching implication of the recommendations which you are on the brink of issuing, I am convinced that the responsibility for making these recommendations has been placed in capable hands. Your systems background obviously is serving you well in coping with the task at hand.

I would like to reiterate my offer of assistance from ITT. Throughout our company we have technical and operational expertise in communications which can be made available to you. You have my personal assurance that if it's requested, we will do our utmost to provide you with meaningful assistance.

Again, thank you for your time. It was most enjoyable to talk with you.

Sincerely,

A handwritten signature in blue ink, appearing to be "H. S. Geneen", with a long horizontal flourish extending to the right.

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

320 PARK AVENUE

NEW YORK, N. Y. 10022

HAROLD S. CLENNEN
CHAIRMAN AND PRESIDENT

November 4, 1969

ITT
Folder
(all)

Dr. Clay T. Whitehead
The White House
Room 110
Executive Office Building
Washington, D. C.

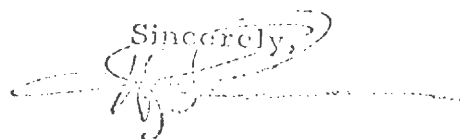
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Again, thank you for your time. It was most enjoyable to talk with you.

Sincerely,


FORM WH-25

EXECUTIVE OFFICE BUILDING
WHITE HOUSE
Washington, D. C.

mtg
10/30
10:15

To: Security Officer, White House Police
Main Lobby, EOB

Please admit the following appointments on Oct. 30 1969 for
(Mr.) (~~Mr.~~ / ~~Ms.~~ / ~~Miss~~) Clay T. Whitehead, Agency White House.

Name	Time	Name	Time
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10:15 a.m.	Garrity, Edward
	Geneen, Harold S.
	Ryan, John

Meeting Room: 110 Secretary: Eva Daughtrey

Telephone Ext. 2786

Date: 10/29/69

Other appointments may be called in during the day.

Wednesday 10/29/69

m: 10/29/69
10:15

5:15 Per Mr. Whitehead's request, asked Marge to tell Mr. Flanigan that he is meeting with Harold Geneen tomorrow at 10:15 and see if he has any words of wisdom that he should consider in talking with Geneen.

Marge will leave a note on his desk; he has already gone to meet the President at the airport, and will fly to New York with him. ??

Monday 10/27/69

Meeting
10/30
10:15 a.m.

11:10 Have scheduled the meeting with Harold Geneen
and John Ryan of IT&T for Thursday (10/30)
at 10:15 a.m.

Might possibly bring Mr. Garrity with them
but they will let us know. (Garrity is Director
of Corporate Relations in New York)

Friday 10/24/69

4:45 John Ryan of IT&T said Harold Geneen, their President and Chairman, will be coming to Washington the week of October 27th and they wondered if you could see him on Thursday (10/30) 10, 10:15, or 10:30 -- or Friday (11/1) at 11 o'clock. They are trying to get his scheduled firming up as soon as possible.

If Mr. Ryan is unavailable, he asked if we would leave a message with his secretary, Mrs. Matolsky.

(296-6000
Ext. 213)

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

1707 L St N W Washington D C 20036

Joseph J. Gancie Vice President

10 November 1969

Mr. Tom Whitehead
Staff Assistant
The White House
Washington, D. C.

Dear Tom:

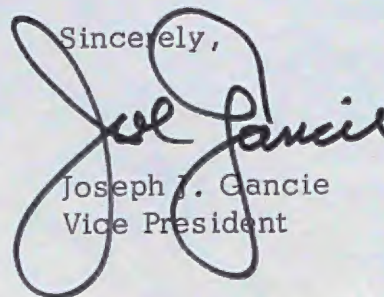
Recently it was my pleasure to participate in the ceremonies at the Embassy of the Republic of Indonesia inaugurating satellite service to that country.

I am now in receipt of a memento of the occasion from Djakarta, which I thought you might like to have for your collection of historic moments in communications history.

Also enclosed is a press kit as was issued in Indonesia, which provides some details of the station and related data. This might be of value to your staff.

We at ITT are proud of this particular operation because an ITT company manufactured the equipment and another serves as partner and assists in the operation and management of the station. We therefore contribute to providing not only cable and HF radio facilities, but also satellite service.

Sincerely,

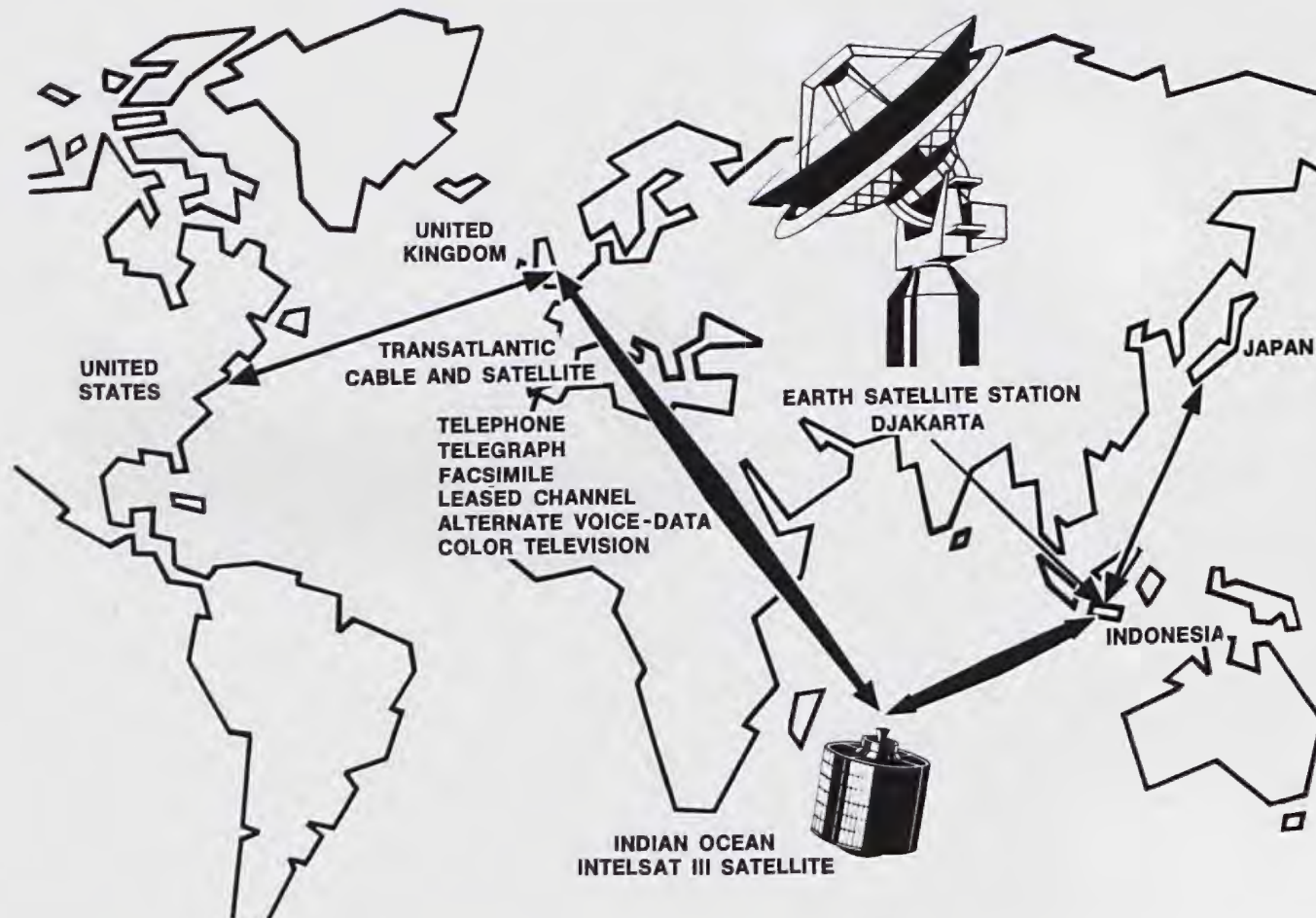


Joseph J. Gancie
Vice President

JJG/j
Enclosures



INDONESIAN EARTH SATELLITE STATION



COMMUNICATIONS GATEWAY -- Sketch illustrates vast span of earth satellite station during initial operation. A joint enterprise of the Indonesian government and International Telephone and Telegraph Corporation, the new facility will be expanded later to include other areas vital to Indonesia's expanding economy.



ITT World Communications Inc. subsidiary of International Telephone and Telegraph Corporation
67 Broad Street New York NY 10004

Press Relations E. J. Felesina, Manager
Office (212) 797-7599, 797-3300 Home (201) 845-3694

FOR RELEASE MONDAY, SEPTEMBER 29, 1969

INDONESIA ENTERS SPACE AGE

WITH EARTH SATELLITE STATION

Djakarta -- Indonesia today opened a new communications gateway -- an ultra-modern earth satellite station hailed by President Suharto and other high government officials as a giant step in the future development of this strategically important nation.

A joint enterprise of the Indonesian government and International Telephone and Telegraph Corporation, the new space facility will operate with the Intelsat III Indian Ocean satellite, linking this Southeast Asia island chain of 112 million people with the United States, Europe, Japan, Australia, Hong Kong, Singapore and Malaysia. Direct service to India and Pakistan is scheduled for inauguration at a later date.

Communications traffic to and from the United States will be routed initially via the United Kingdom, utilizing cable and satellite circuits across the Atlantic.

(more)

Located in Djatiluhur, Java, 62 miles from Djakarta, the station embodies the most advanced technology in earth satellite construction. It was built by the ITT Defense Communications Division and is equipped to provide a variety of international communication services -- telephone, telegraph, facsimile, leased channel service, alternate voice-data and both color and black and white television.

In a congratulatory message to President Suharto and members of his administration, Harold S. Geneen, ITT president and chairman, cited establishment of the Indonesian earth station as an outstanding example of East-West cooperation.

"The bonds of friendship between our two nations -- emphasized and reaffirmed by President Nixon at Djakarta several weeks ago -- are symbolized by this joint venture of Indonesian and American enterprise," Mr. Geneen noted. "It represents our mutual aspirations and ideals -- a society in which men work together in peace to build a better world for all mankind."

Bertram B. Tower, chairman of ITT World Communications, the ITT subsidiary which spearheaded the project, and James A. Purdy, ITT vice president and group general manager for Far East and Pacific operations, termed the opening a major milestone, auguring a new era of closer contact and increased commerce between East and West.

(more)

These and other congratulatory messages were picked up by the 90-foot diameter antenna at Djatiluhur, where Indonesia's President Suharto, Indonesian Minister of Economics, Finance and Industry, Sultan Hamengku Buwonon, Minister of Communications Seda, Director General of Posts and Telecommunications Soehardjono, and other members of the government participated in the inaugural ceremonies. Also in attendance were representatives of the U.S. Embassy, Indian Ocean satellite network nations and high-ranking officials from several European countries.

The project, one of the first to be undertaken in Indonesia since normalization of its foreign investment policy under President Suharto, is the culmination of two years of intensive effort by a technical-management team of Indonesians and Americans headed by William K. Short, managing director of P. T. Indonesian Satellite Corporation. P. T. Indosat is a wholly owned ITT subsidiary formed to build, maintain and operate the station on profit-sharing basis with the Indonesian government.

The basic agreement was signed June 1967 when the Republic of Indonesia selected ITT to establish the earth terminal in cooperation with the Indonesian communications administration, P. N. Telekomunikasi. Financing was obtained in 1968 through combined ITT equity and a long-term loan from the

(more)

Bank of America and four other U.S. financial institutions under an investment guarantee arrangement with the Agency for International Development (AID).

The station will be operated and managed by P. T. Indosat engineers and technicians of the Indonesian telecommunications administration. Members of these organizations are being trained to replace all non-Indonesians during the first few years of operation.

The earth station includes a control building housing electronic communications equipment, antenna system, and diesel generator plant.

The installation also incorporates a microwave and multiplex communication system connecting the station with the international switching facilities of the Indonesian communications administration. It is equipped for two-way television and has a capacity of 600 voice channels. A new international switchboard and switching facility in Djakarta is under construction and will be installed early next year. The existing switching facilities in Bandung will continue to be used, pending completion of the Djakarta installation.

The terminal has been designed to accommodate a second antenna should the traffic growth in the region covered by the Pacific satellite warrant the additional facility. Operation of the international high-frequency radio network -- for years the mainstay of Indonesia's international communications -- will serve as back-up to the satellite system.



ITT World Communications Inc. subsidiary of International Telephone and Telegraph Corporation
67 Broad Street New York NY 10004

Press Relations E. J. Felesina, Manager
Office (212) 797-7599, 797-3300 Home (201) 845-3694

SIDEBAR -- Indonesian Satellite Story

FOR RELEASE MONDAY, SEPTEMBER 29, 1969

INDONESIAN EARTH SATELLITE STATION

BEAMS "MADE-IN-JERSEY" SPACE THEME

The Indonesian earth satellite station which went into operation today at Djatiluhur, a rugged Indonesian mountain village 62 miles from Djakarta, was built in New Jersey and erected under the aegis of two former Garden State residents.

On hand to witness its opening by Indonesian President Suharto and other high government officials were the two Jersey men who helped translate the project into reality -- William K. Short, managing director of the P. T. Indonesian Satellite Corporation (Indosat), the International Telephone and Telegraph Corporation subsidiary created to set up the space communication facility, and Frank Dionne, the station's manager. The ultra-modern earth station and 90-foot-diameter antenna were built by ITT Defense Communications Division, Nutley, N. J.

Mr. Short is a former resident of 327 Irving Street, Ridgwood; Mr. Dionne previously lived at 223 West Crescent Avenue, Allendale, N. J.

(more)

A former manager of special projects at ITT World Communications Inc., the ITT subsidiary which spearheaded the undertaking, Mr. Short has been in charge of the project since its inception three years ago. In August 1966, he headed the ITT negotiations for the earth station and, after successfully concluding the agreement, moved to Djakarta in September 1967 with his wife, Dorothy Sue, and four children -- Michael, Timothy, Susan and Kathy. (Michael is now a freshman at the University of Denver. Timothy and Susan attend high school in New Delhi, India, and Kathy is a student at the International School in Djakarta.)

Mr. Short joined the ITT System in 1960 as a customer liaison representative for International Electric Corporation (IEC), Paramus, N. J., and helped develop the U.S. Air Force Strategic Air Command Control System. He also served as manager of product sales and director of marketing at ITT Data and Information Systems Division. In 1965, he joined ITT World Communications as manager of special projects.

Mr. Dionne has been associated with the ITT System since 1962, first as senior systems specialist on the U.S. Air Force Strategic Air Command Control System for IEC and later as manager of digital switching system sales for ITT Federal Laboratories, Nutley, N. J. He joined P. T. Indonesian Satellite Corporation in September 1967 as station manager of the satellite communication earth station at Djatiluhur. After completing contractual arrangements for

(more)

equipment, facilities and related support services, Mr. Dionne, accompanied by his wife, Joan, left for Indonesia in November 1968 to monitor contractor activities during the construction, installation and checkout phases of the program. The Dionnes are the parents of two children -- Michael, who attends the University of Long Island and David, a member of the U.S. Air Force stationed at Loring Air Force Base, Maine.

- ITT -

EJFJCGGJ

Statement by Harold S. Gencen, President and Chairman

International Telephone and Telegraph Corporation

President Suharto and distinguished ladies and gentlemen:

I greet you on a most happy occasion.

Today, Indonesia fulfills her five-year-old dream of actively participating in international communications via satellite. The hope has become a reality; the eager anticipation implicit in the 1964 signing of the International Telecommunications Consortium has given birth to a facility which for years to come will serve as Indonesia's commercial telephone, telegraph and television satellite-communications gateway to the world.

ITT is proud to participate with you in inaugurating a major link in the world's fast-growing satellite communications network. The bonds of friendship between our two nations -- emphasized and reaffirmed by President Nixon in Djakarta several weeks ago -- are symbolized by this joint venture of Indonesian and American enterprise. The Indonesian Satellite Corporation embodies our mutual strivings and ideals -- a society in which men work together in peace to build a better world for all mankind.

Statement by Bertram B. Tower, Board Chairman

ITT World Communications Inc.

President Suharto and distinguished ladies and gentlemen:

I feel honored to share with you in a truly historic event.

This satellite earth station is more than the fulfillment of the promise that was inherent in Indonesia's 1964 signing of the International Telecommunications Consortium; it is also the culmination of a century of progress in South Asian international record transmission. Since the Indo-European Telegraph Line between London and Calcutta was completed in 1870, heralding a new era of closer contact and increased commerce between East and West, the international communications potential of this region has been unmistakably clear to all. Now, approaching the centenary of that pioneering link, Indonesia inaugurates her own space-age satellite communications facility. It is an achievement of major importance for the nation's future.

ITT is proud to share in this occasion. This newest link in the global satellite chain represents in the most practical manner the close bonds of friendship and cooperation between our two countries. Our common objective of a better life for coming generations is moved one significant step forward.

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

1707 L St N W Washington D C 20036

Joseph J. Gancie *Vice President*

5 September 1969

Mr. Clay T. Whitehead
Staff Assistant
The White House
Washington, D. C.

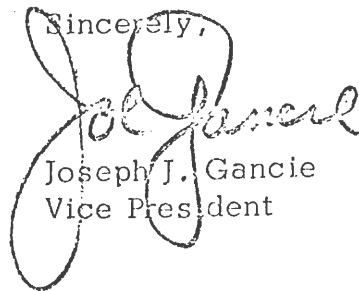
Dear Tom:

Please find enclosed a copy of a letter to Chairman Hyde of the FCC in the matter of a recent renewal of a contract between COMSAT and NASA for the APOLLO Program.

We do not so much question the final decision in "the National interest" as we do the procedures. The carriers truly had little or no clear-cut opportunity to show their potential.

This is not a "raise the roof" item. You did ask us to present industry problems as they arose. In that frame of reference we are concerned now about such future decisions and hope we can see you to discuss this at an early date.

Sincerely,



Joseph J. Gancie
Vice President

JJG/j
Enclosure

Mr. C. Whitelock
White House
Clay
FYI background
J. R. McNitt
ITT World Communications Inc. subsidiary of International Telephone and Telegraph Corporation

67 Broad St. New York NY 10004

J. R. McNitt President

September 2, 1969

The Honorable Rosel H. Hyde
Chairman
Federal Communications Commission
Washington, D. C. 20554

Dear Mr. Chairman:

This is in reference to a letter, dated August 6, 1969, sent to you by the Director of Telecommunications Management ("DTM"). The DTM's letter notified the Federal Communications Commission of his findings concerning the proposed continuation of a direct contractual relationship between the National Aeronautics and Space Administration ("NASA") and the Communications Satellite Corporation ("Comsat") for certain communications services rendered in support of the Apollo project. Based on the DTM's conclusion that it is in the national interest for the services involved to be furnished directly by Comsat, he has "instructed" NASA to renew or extend its contract with Comsat.

While the DTM's letter appears to preclude further investigation of alternatives to the present arrangements, ITT World Communications Inc. ("ITT Worldcom") believes that the Commission should be apprised of the manner in which the overseas record carriers have thus far been denied an opportunity to provide certain of the communications satellite services for the Apollo program. Initially, NASA requested us to demonstrate our ability to fulfill the subject requirements of that agency in a letter dated June 30, 1969, wherein it was recognized that we would need the cooperation of Comsat in the development of a plan for furnishing the service to NASA; and Comsat was informed of NASA's inquiry. At a conference held in NASA's offices in Washington, D.C.,

The Honorable Rosel H. Hyde

Page 2

September 2, 1969

the international record carriers were also advised that the preliminary submissions, including proposed charges, requested by NASA's June 30th letter would not be treated as competitive bids. Rather, such proposals would merely serve to inform NASA with respect to the available services and the charges therefor.

Thereafter, ITT Worldcom promptly requested Comsat to quote its charges for the portions of the service which would be furnished to ITT Worldcom by Comsat. To date, information essential to the preparation of our response to NASA has not been supplied by Comsat, and NASA has been so advised. Nevertheless, the DTM has apparently foreclosed U.S. international record carrier participation in this aspect of the Apollo program. Accordingly, by its letter dated August 7, 1969, NASA's request to ITT Worldcom for a technical plan and preliminary cost estimates was withdrawn. The basis for NASA's current negotiations with Comsat has not been made public; and, since a tariff covering the proposed service has not been filed, the Commission may also be unaware of the details.

Under the circumstances, the requirements of the Commission's Authorized User decision have been avoided, if not evaded. At least, it appears that the Commission has been denied an opportunity to give meaningful consideration to the DTM's decision that NASA should deal directly with Comsat. All interested parties, including NASA, have been effectively denied access to necessary information on which a technical explanation of the preference granted to Comsat could be based. Therefore, absent a reopening of the matter by NASA or the DTM, we believe that in this instance the spirit and intent of the Authorized User decision has been frustrated.

In view of the questionable procurement practice adopted by the Government in this matter, and since a serious question remains as to whether this service continues to be the "unique" service contemplated in the Commission's Authorized User decision, the proposed contract

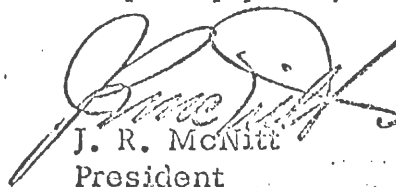
The Honorable Rosol H. Hyde

Page 3

September 2, 1969

terms should be made available to the interested carriers. In any event, the service provided directly by Comsat should not be permitted to extend beyond that originally recognized by the Commission to be "unique" without further consideration by the Commission after the carriers have had an opportunity to comment.

Very truly yours,



J. R. McNitt
President

cc: The Hon. Robert T. Bartley
The Hon. Robert E. Lee
The Hon. Kenneth A. Cox
The Hon. James J. Wadsworth
The Hon. Nicholas Johnson
The Hon. H. Rex Lee

General J. D. O'Connell
Director of Telecommunications Management

Mr. Gerald M. Truszynski
Associate Administrator for
Tracking and Data Acquisition
National Aeronautics and Space Administration

177

September 16, 1969

Dear Mr. Gancie:

Thank you for your letter of September 5 concerning the continuation of the NASA-Comsat arrangements for communications in support of the Apollo program.

The attached copy of a letter of August 6 from the DTM to Chairman Hyde of the FCC expresses the final results of a lengthy period of consideration.

I recognize that there is a real industry concern in this area, and I assure you that the Executive Office is eager to deal with these types of problems as fairly and objectively as possible.

I would be pleased to discuss this matter with you further at any time.

Sincerely,

Clay T. Whitehead
Staff Assistant

Attachment

Mr. Joseph J. Gancie
Vice President
ITT World Communications, Inc.
1707 L Street, N. W.
Washington, D. C. 20036

cc: Mr. Flanigan
Mr. Whitehead ✓
Central Files

CTWhitehead:ed

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

OFFICE OF THE DIRECTOR

August 6, 1969

Honorable Rosel H. Hyde
Chairman
Federal Communications Commission
Washington, D. C. 20554

Dear Mr. Chairman:

This is with reference to the request of the Communications Satellite Corporation for continuation of the direct contractual relationship between the National Aeronautics and Space Administration and the Communications Satellite Corporation for communications supporting the Apollo project.

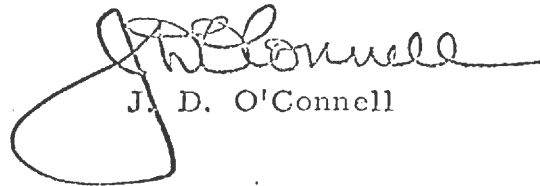
The Commission's opinions of July 20, 1966, as amended February 1, 1967, concerning the so-called "authorized user" matter cited this service as an example of a situation "where the requirement for satellite service is of such an exceptional or unique nature that the service must be tailored to the peculiar needs of the customer and, therefore, cannot be provided within the terms and conditions of a general public tariff offering."

Nevertheless, when the question of continuation of this arrangement was raised some weeks ago, it was considered that it might be possible for the service to be handled through one of the terrestrial carriers. However, a number of circumstances have subsequently arisen which make it essential to continue the present arrangement.

The future service requirements in support of Apollo will involve a pattern of operational relationships between the Government, Comsat, which operates the satellites, and the operators of earth (and ship) stations similar to those which presently prevail. The satellite portion of the NASCOM service was established by INTELSAT under a special allotment arrangement, based expressly upon the requirement of the U.S. Government associated with the Apollo missions. Further, these services involve the provision of non-standard circuits of less than CCITT quality. In order to assure that these arrangements are not impaired to the detriment of the space program, and in the belief that the interjection of U. S. terrestrial carriers into this pattern would not provide any benefits, we have concluded that the service should continue to be furnished directly by Comsat.

It is therefore in the national interest that the direct contractual relationship between Comsat and NASA for provision of the NASCOM service in support of Apollo be continued. NASA has been instructed to renew or extend its contract with Comsat.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. D. O'Connell". The signature is fluid and cursive, with a large loop at the end of the last name. Below the signature, the name "J. D. O'Connell" is printed in a standard serif font.

J. D. O'Connell

ITT

September 29, 1969

Dear Joe:

Thank you for your letter of September 26th and the memento of the President's recent round-the-world trip.

I will enjoy putting it to an appropriate use.

Sincerely,

Clay T. Whitehead
Staff Assistant

Mr. Joseph J. Gancie
Vice President
ITT World Communications, Inc.
1707 L Street, N. W.
Washington, D. C. 20036

cc: Mr. Whitehead ✓

CTWhitehead:ed

Copy

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

1707 L St N W Washington D C 20036

Joseph J. Gancie Vice President

26 September 1969

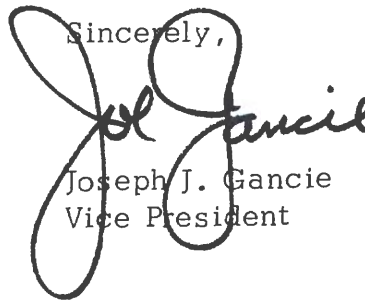
Mr. Clay T. Whitehead
Staff Assistant
The White House
Washington, D. C.

Dear Tom:

I recently had the honor and privilege to travel with and serve the President with communications support on his round-the-world trip. Having worked with four presidents on numerous similar ventures in the past, I can truly say that this one had the finest coverage by television, broadcast, telephone photo and press that I have seen.

Upon my return, we at ITT decided that it would be appropos to have made a small memento of the trip. I thought you might enjoy having one.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "J. Gancie".

Joseph J. Gancie
Vice President

JJG/j
Enclosure

*Telecommunications
17.7 outg.*

May 6, 1969

Dear Mr. Westfall:

Thank you very much for your letter of April 29th, setting out your views on some of the telecommunications problems we face.

I certainly enjoyed the opportunity to meet with you and was glad to receive your viewpoints. I hope that we can stay in touch and discuss these problems in more detail as the new Administration comes to grips with them.

Sincerely,

Signed
Clay T. Whitehead
Staff Assistant

Mr. T. B. Westfall
Executive Vice President
International Telephone & Telegraph Corporation
320 Park Avenue
New York, New York 10022

cc: Mr. Whitehead
Central Files

CTWhitehead:ed

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

1707 L St N W Washington D C 20036

Joseph J. Gancie Vice President

11 April 1969

Mr. Clay T. Whitehead
Staff Assistant to the White House
The White House
Washington, D. C.

Dear Tom:

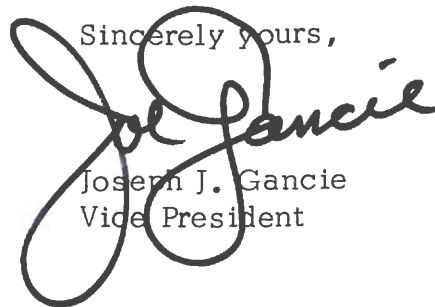
As promised by Mr. Ted Westfall during our talks the other day, I am enclosing copy of a memorandum for the Earth Station Owners Committee (ESOC) as concerns the related 1969 budget.

On behalf of the ITT group present at the meeting I would like to express our thanks for the opportunity to present our views, and trust we will continue to develop same.

I want to repeat my invitation to you and the others to visit our offices at the above address at your convenience. I would like to show you a piece of the operation and fill you in a bit more on the scope of the ITT international operation.

Looking forward to seeing you soon, I am

Sincerely yours,

A large, stylized handwritten signature in dark ink, appearing to read "Joe Gancie".

Joseph J. Gancie
Vice President

JJG/j
Enclosure

March 11, 1969.

MEMORANDUM FOR ESOC COMMITTEE

RE 1969 BUDGET

At the last meeting on February 20, 1969, I raised a number of questions with respect to the 1969 budget. At that time I promised to be prepared to vote at a meeting, one week after receipt of the replies, to the questions raised. We have now reviewed the material furnished, and, while obviously the answers received raise additional questions, we are now prepared to vote.

Among the reasons why we can not approve the proposed budget are the following:

- 1 - Ground station manning -- Obviously since we have a 41-1/2% ownership in Cayey, we have focused most of our attention particularly on that station. In the budget of January 10, 1969, the manning was listed at 38, with staffing constant from January 1, 1969 to December 31, 1969. We were gratified that in your letter of February 6 to the FCC you had stated "the target number for the Cayey Earth Station is approximately 28 people. We hope to achieve this number in 1970, if not before." While we have not yet evaluated this manning against yours and RCAC'S manning for the Guam Earth Station, we hope to arrange to do so with you in the near future.

In the meantime, we note you have reduced the 1969 budget by only \$36,000.00 which we do not believe is consistent with your commitment to move from 38 to 28 number of employees by early 1970. We would suggest that the budget be revised to reflect your planning for reduction, and that the "cross training" that you consider essential be scheduled to coincide with the budget objectives.

- 2 - COMSAT has reduced its inventory estimate from \$2-1/2 Million in 1968 to \$2 Million in the January 10, 1969 budget, to \$1.6 Million in the current budget. We must point out this still represents 2-1/2 years' average inventory based on budgeted usage. In the absence of item-by-item specifics, we can not conceive of any justification for an inventory this large. We would suggest that COMSAT prepare its inventory requirements on a basis which supports, for at least one ground station, the requirements for which three

Satellite

ESOC Committee
1969 Budget.

March 11, 1969.

months' usage would be suitable vs. six months and one year. Any requirements beyond one year, we believe, should be completely detailed and justified.

- 3 - We believe ESOC should have presented to it for approval the principles which govern COMSAT'S allocations of expenses as between:

- A - COMSAT as owner of ground stations,
- B - COMSAT as General Manager of the ground stations,
- C - COMSAT as INTELSAT manager,
- D - COMSAT in its other corporate capacities.

For example, we believe that ground station dedications and the publicity surrounding the dedications are for the owner's account; and, we would suggest that the entire \$72,000.00 allocated from the Information Department for 1969 is for COMSAT'S account as owner. We have no objection to any owner publicizing its ground station. However, we think each owner should pay for its own publicity.

In addition, we would not expect U.S. ground station owners to be charged for any service that the owners did not request, and in particular, that they not be charged for any service for which foreign ground stations are not charged as ground station owners.

In certain cases, such as, for example, the Technical and Legal Departments, we would think that daily time reports should be based on the equivalent of a job order.

- 4 - We believe that the Financial Department charges to the ground station should be on a daily time report basis just as are the Operating Departments. We believe that on a time sheet basis, the payroll, accounts payable and other miscellaneous charges from the Accounting Department will amount to substantially less than the proposed allocation.
- 5 - We do not agree with the method of allocating the Chairman's and President's Offices. The present method, in effect, makes this

ESOC Committee
1969 Budget.

March 11, 1969.

allocation, based on the theory that all the Executive Officers' time is spent in supervising the Vice-Presidents. We do not believe that the Executive Office spends anywhere near the same amount of time with ground stations as it does with INTELSAT and other activities for which it is responsible.

- 6 - While the ground stations, obviously, can not assert the right to dictate the level of expenses on which COMSAT operates, we can not accept, under any method of allocation, the costs of procurement nor the costs of personnel and organization, and manpower planning for the following reasons:

- A - We are normally used to costs of procurement and supply in the neighborhood of 5% to 10% of the basic costs of the materials consumed. While the information available does not permit us to make a precise comparison, we note that the budgeted amounts for the Procurement Division charges to the ground station, the charges of the Logistics Group of the Operating Staff, and the Supply Depot expenses are \$341,000.00, \$211,000.00, and \$265,000.00, respectively. We have no figure for the Accounting, Legal, Technical, or other Departments, as this procurement is not segregated in the figures presented. We recognize that some of the Depot costs are involved in the maintenance and calibration of equipment; we recognize also that in 1969 there will be a minor amount of additions to earth stations which is to be capitalized, nonetheless we can not reconcile these figures with any norms with which we are familiar. (These figures exclude supply personnel at the ground stations, which, in the case of Cayey, is two (2).)

Further, concerning maintenance and calibration of equipment at the Depot, we suggest that this operation be scheduled by type of equipment so that it can be checked out on a "make or buy" basis.

- B - Personnel, organization and manpower costs are budgeted at \$1,700,000.00. This comes to approximately \$1600.00 per person on the payroll as of December, 1968. In our ITT International Communications Operations Organization we have a budget of \$670,000.00 for the same functions. This is a group which has reduced its employees from 7100 to 4500 since 1961, while it was more than doubling its revenues. While we have no desire to impose our methods and standards of oper-

March 11, 1969

ations on anyone else, we certainly can not justify paying any share of a service operated at this expense level in view of our experience.

- 7 - Obviously, no matter how overhead expenses are allocated, capable and honest people can disagree on the methods and amounts involved. No matter what disagreements we may have on details, it is difficult for us to understand how any one can justify a 70% to 75% overhead allocation on a basic-cost ground station.

In the operations of the ICO (our System) comparable overheads approximate 15% of direct operating costs. We would suggest that, regardless of the method of calculations, there should be some kind of ceiling on the charges by COMSAT for central office overhead and management fees. We would suggest as not being unreasonable a figure for the Puerto Rico ground station of not more than \$100,000.00.

B. B. Tower

c.c. - All ESOC Members

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

320 PARK AVENUE

NEW YORK, N. Y. 10022

TED B. WESTFALL
EXECUTIVE VICE PRESIDENT

April 29, 1969

Mr. Clay T. Whitehead
Staff Assistant
The White House
Room 103
Executive Office Building
Washington, D.C.

Dear Mr. Whitehead:

We very much appreciate the opportunity to meet with you, Mr. Ellsworth, and Mr. Hofgren on April 8. Our objective was to be as candid as possible in relating our company's viewpoints concerning international communications in general and the Task Force Report on Communications Policy as a specific item.

I recognize that we attempted to cover a great many subjects in a relatively short time; and, for this reason, I would like to re-emphasize our position concerning the following:

1. Merger of the International Carriers. We are opposed to a merger of the international record carriers, particularly, any merger plan that would include the Comsat Corporation. Comsat's role was to be that of a "carrier's carrier" -- the legislative history and the Satellite Act of 1962 quite clearly specify Comsat's mission. Some years ago a general feeling existed that a merger of the international carriers might feasibly be beneficial. At that time, there was considerable duplication of physical facilities. The theory was that certain of these duplicate facilities could be eliminated and that the public would have benefited by virtue of its resultant rate reductions. There is no such duplication today. While the international record carriers still utilize some HF radio, they are heavy users of undersea

cable and communications satellite channels and are vigorous competitors. We strongly feel that the public will continue to receive responsive service at the lowest possible price only in a competitive atmosphere. The establishing of a monopoly by the Federal Government today would, in our opinion, represent a step backwards.

2. Comsat's Space Segment Monopoly. In the past we have supported Comsat's monopoly position as the sole U.S. owner-operator of commercial communications satellite facilities. We still fully support this premise and will continue to do so but with the proviso that they are restricted to their intended role and not granted the unwarranted authority to compete directly with the United States international carriers. Whatever the Congress intended Comsat's role to be, it did not intend that the U.S. carriers be eliminated.

3. Comsat Board Structure. Comsat now has eight public directors and four carrier (Series II) directors. With this 2-1 relationship, a very serious question exists as to whether the three presidential directors are longer needed -- we think not. Comsat should be placed in the posture of a publicly-owned corporation, responsible for furnishing high-quality economical communications facilities to its customers -- the carriers -- and to produce earnings for its shareholders. It is our conviction that this in no way would negate from the United States' role in Intelsat or thwart the Act's long-term objectives.

In summary, I sincerely hope we made one point quite clear -- that we consider international communications operations a very important and integral segment of our company's business. We do not favor any one form of communications over another -- each has its place; each has its inherent advantages and disadvantages. The future, undoubtedly, will see the development of yet more advanced techniques. As in the past, these new techniques will be used by the American record carriers as expeditiously as they can be effectively employed.

Again, we thank you for giving us the opportunity of meeting with you. We hope that you will feel free to contact us at any time as we would more than welcome additional discussion of these and related matters.

Very truly yours,

Teo B. Westfall

ITT World Communications Inc.

1707 L Street NW

Washington DC 20036

Telephone (202) 296-6200

Joseph J. Gancie *Vice President*

FCC
Sully
Rosen
Conrad

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Ted Westfall
John Ryan
Gansie

ITT

Conrad phin
use of gov. stock
capitalization

Support Conrad done again segment

State Dept line pro-Conrad

approval cable landing licenses
pushed FCC into 50/50 div with satellite

Rec statute gov on intl comm.
against intl merger.

No business exes on Conrad might

Competition & declining rates among record carriers
Conrad should be purely private Corp.