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Tom Whitehead

Interview

July 14-16, 2008

1 MR. EGER: (Audio begins) ... as it was going on. One was a perfect
2 storm was occurring. The FCC didn't know what the hell it was doing. And
3 frankly that isn't their job, because their working for everybody. This
4 1962 Act really didn't deal with COMSAT satellites.

5 AT&T still had its monopoly. Justice was angry over that monopoly and
6 what they thought was abuse of, of the, of the power. But from a policy
7 standpoint they -- that wasn't their forte. Cable was developing very
8 slowly, if at all. In fact, it was frozen. NASA was looking for what to do
9 next. It was very concerned about you and what might happen to their
10 future. They were hoping maybe they could be the launch vehicle for all
11 COMSATS and let AT&T run. Rosel Hyde came to see --

12 MR. WHITEHEAD: Clay, would you move me across over there?

13 MR. WHITEHEAD JR.: Of course, Dad. You ready? Mind if we scoot you
14 up? There you go.

15 MR. WHITEHEAD: Thank you.

16 MR. EGER: Rosel Hyde came to see you, and said, "Hey, let's create
17 this consortium." So it was another monopoly. And you sat back and said,
18 "You know, I don't think this is the way to go."

19 MR. WHITEHEAD: Right.

20 MR. EGER: And by your lonesome, you developed the Open Skies Policy.
21 And Peter Flanigan, you know, sent the letter. So --

22 MR. WHITEHEAD: No, I didn't develop it by my lonesome. I had... --
23 Rosel Hyde scared the bejeezus out of me, and I said, "If we're ever going

1 to have competition in this Business..." -- "this business" being all these
2 things that you mentioned --

3 MR. EGER: Yeah.

4 MR. WHITEHEAD: -- plus AT&T -- "...we've got to have competition in
5 this new technology, i.e., satellites." So, I put together a task force
6 which consisted of Don Baker --

7 MR. EGER: Oh, yeah. Was he at Justice then?

8 MR. WHITEHEAD: He was at Justice then. Dick Gabel, Bruce Owen.

9 MR. EGER: Oh, the economist, sure.

10 MR. WHITEHEAD: I think Bruce was there for that. I'm not positive.
11 I'm not positive about Bruce. No, I don't think we had Bruce at that...

12 MS. BURGESS: I think Bruce came later.

13 MR. EGER: Did he?

14 MR. WHITEHEAD: Bruce came later. Walt Hinchman.

15 MR. EGER: Oh, my god. He's an old man.

16 MR. WHITEHEAD: Yeah. So, I put together this group of people. It
17 wasn't a very big group.

18 MR. EGER: Yeah.

19 MR. WHITEHEAD: And we, we looked at the feasibility of creating a
20 competitive COMSAT business, and we concluded that it was feasible. And
21 from that came the Open Skies Policy. So, that's the way it came about.

22 MR. EGER: That moves me to ask you something else because Open Skies
23 -- when you look at Open Skies... It's a beautiful name. You know, it's a

1 wonderful name. Eisenhower started using it in a different way.

2 MR. WHITEHEAD: Yeah.

3 MR. EGER: Then Kennedy started using it. Also, and the Soviets were
4 very unhappy about this, and a lot of countries were unhappy. In fact,
5 there was even a dissident group in the U.S. who was unhappy that you used
6 it because it would mean that other countries might develop a similar kind
7 of program, which they did by the way. I mean, Open Skies got duplicated
8 all over the world.

9 MR. WHITEHEAD: Right.

10 MR. EGER: Both the domestic satellite, as well as the use of -- how
11 one uses space. Were you thinking of the Open Skies Policy as a
12 continuation of what had gone before? I mean --

13 MR. WHITEHEAD: No.

14 MR. EGER: -- the formation of COMSAT and Naval Sat and ...

15 MR. WHITEHEAD: No.

16 MR. EGER: No. Yes.

17 MR. WHITEHEAD: No.

18 MR. EGER: No. But the term -- what does it mean to you? Open Skies.

19 MR. WHITEHEAD: It meant how in the "F" were we going to get
20 competition in the telecommunications business?

21 MR. EGER: Okay, so, it really wasn't about --

22 MR. WHITEHEAD: In the United States.

23 MR. EGER: -- ending the monopoly or changing it somehow?

1 MR. WHITEHEAD: Ending the monopoly. Ending AT&T's monopoly, ending
2 the cable monopoly, ending all the monopolies in the telecom business.

3 MS. BURGESS: Tom --

4 MR. WHITEHEAD: Ending the telephone, the TV monopolies. I'm sorry.

5 MS. BURGESS: I'm sorry to interrupt you but this is the first time --
6 I wanted to clarify -- at this point when you were preparing the Open Skies
7 Policy, were you already thinking about the AT&T monopoly?

8 MR. WHITEHEAD: Oh, yeah.

9 MS. BURGESS: Okay.

10 MR. WHITEHEAD: That was the primary -- that was the primary focus,
11 absolutely.

12 MR. EGER: When -- you know, as I look at --

13 MR. WHITEHEAD: That was a bigger focus than the others.

14 MR. EGER: But you did this without OTP.

15 MR. WHITEHEAD: This was before OTP. When I went to the White House,
16 I had -- I was the guy that was responsible for all of the technology
17 programs.

18 MR. EGER: Right.

19 MR. WHITEHEAD: So, I had responsibility for NASA, the National
20 Science Foundation.

21 MR. EGER: Right.

22 MR. WHITEHEAD: Is this recording all right?

23 MS. BURGESS: This is, yes.

1 MR. WHITEHEAD: NASA, the National Science Foundation, Atomic Energy
2 Commission. I had responsibility for all those things.

3 MR. EGER: Yeah. Well, Susan asked that.

4 MR. WHITEHEAD: So, this was one.

5 MR. EGER: And that's a great -- they gave you that because you were
6 the MIT guy.

7 MR. WHITEHEAD: Yeah. And initially I had responsibility for the CIA.

8 MR. EGER: Yeah.

9 MR. WHITEHEAD: And it took Henry Kissinger a full week to recognize
10 that he wanted that. And of course, what Henry wanted, Henry got.

11 MR. EGER: Yeah. That's true, sure.

12 MR. WHITEHEAD: The -- all of the-- and the story goes that -- I've
13 got to stop and think here, now. The story goes that they were assigning
14 responsibilities for agencies. You see, I went to the White House to be a
15 policy wonk.

16 MR. EGER: Yeah, you were the --

17 MR. WHITEHEAD: I was the budget guy.

18 MR. EGER: -- budget guy.

19 MR. WHITEHEAD: I was the budget guy, and they said, "No, that's not
20 the way it works. The way it works is that people get assigned
21 responsibility for agencies. Because we had -- we don't have the time here
22 to think about policy, but what we have to do here is respond to agency
23 issues." And we had people ping-ponging on our door every day about: "What are

1 we going to do about this? What are we going to do about that?"

2 Mr. EGER: Yeah.

3 And so they were sitting around the table assigning responsibilities
4 for these agencies. Of course, Henry wanted all the national security
5 stuff. Ehrlichman wanted all the domestic policy stuff. And the guy that I
6 more or less reported to was -- what's his name?

7 MR. EGER: Bundy?

8 MR. WHITEHEAD: No, it wasn't Bundy at that point. It was initially -
9 -

10 MR. EGER: Not Bob Ellsworth?

11 MR. WHITEHEAD: Yeah, it was Ellsworth.

12 MR. EGER: Bob Ellsworth?

13 MR. WHITEHEAD: Ellsworth only lasted a few weeks.

14 MR. EGER: Oh, really? I didn't know that.

15 MR. WHITEHEAD: Yeah. He was the one that had me come to the White
16 House initially. And there's a funny story there, too. He latched onto me
17 when I was doing the -- I was at RAND and I said, "You know, these guys from
18 the Humphrey campaign want me to work on policy - work on budget policy
19 initiative and I don't think I'm particularly comfortable working for the
20 Democrats."

21 He said, "Well, what do they want you to do?" I said, "Well, they
22 want me to develop these policies for domestic stuff because Johnson has
23 kept Humphrey out of the policy process, and Humphrey doesn't know anything

1 about what's going on inside the government. And so, we need someone to
2 help us do this study --"

3 MR. EGER: Yeah.

4 MR. WHITEHEAD: "-- of what's going in the various agencies and how
5 the President imposes his will on the various agencies."

6 MR. EGER: Was Bob Ellsworth a congressman at the time?

7 MR. WHITEHEAD: No. I think he had retired at that point.

8 MR. EGER: Oh. He had retired. Okay.

9 MR. WHITEHEAD: So, Ellsworth said, "Well, that's a hell of an idea.
10 Why don't you do that for Nixon?" And I said, "Well, why not?" So, I took
11 -- the top guy at RAND, Terry Roland (ph) and the guy at -- we're really
12 going back in time here from what you were talking about -- the guy who was
13 the head of the Budget Bureau, Charlie Schultz. Charlie was flying out to
14 RAND periodically for these policy studies that we were doing --
15 conferences. And I was one of the members of this group.

16 So, they said -- they invited me to lunch one day at Harry's office
17 and he said, "You know, Humphrey needs this blah-blah-blah," and I said,
18 "Let me think about it." And they looked at me kind of quizzically, like,
19 "What's to think about?"

20 MR. EGER: Yeah. Yeah. Yeah.

21 MR. WHITEHEAD: So I talked -- at that point I went off and talked to
22 Ellsworth and he said, "Why don't you do this?" And I said, "Well, okay."
23 So, I went back and told the people, Harry and what's-his-name, Charlie,

1 that I was going to do this for Nixon. And that caused a real eruption at
2 RAND because RAND had no idea that they had a Republican in their midst. A
3 Republican here? How can that be? That can't be.

4 MR. EGER: Don't you love it?

5 MR. WHITEHEAD: Yeah. So, if I remember, one guy said, "Well," he
6 said, "I hope you have a good time, but I hope you fail."

7 MR. EGER: You were charged with implementing the Rostow Report. And
8 I read some of the notes --

9 MR. WHITEHEAD: That came later. The -- I was getting around to a
10 story.

11 MR. EGER: Yeah, I'm sorry.

12 MR. WHITEHEAD: The -- when I got to the White
13 House -- well, actually I got to the transition team and I spent from June
14 until -- June until the election. And then from the election until -- I was
15 there until the White House staff moved in, you know.

16 And the -- I'm losing track here. The responsibilities for -- they
17 were assigning the responsibilities and they gave me the -- they were going
18 around the table -- (as I told you, Susan, I'm expecting you to clean this
19 up.)

20 MS. BURGESS: Uh-huh.

21 MR. WHITEHEAD: And so Ellsworth wanted the economic policy study and
22 that left everybody to decide who got the technology stuff. And the story
23 goes that Haldeman, "Well, Whitehead went to MIT. Give it all to him."

1 MR. EGER: Yeah. Yeah. I love that.

2 MR. WHITEHEAD: So I suddenly had responsibility for all of the
3 technology agencies for the federal government.

4 MR. EGER: Yeah.

5 MR. WHITEHEAD: So, when it came time for OTP or any communications
6 matter, people came to see me. So, Rosel came to see me as part of that
7 responsibility that I had for telecom.

8 MR. EGER: But did Rosel Hyde know -- or others know at the time --
9 that there was going to be an OTP?

10 MR. WHITEHEAD: Oh, no.

11 MR. EGER: So, I guess -- here's the question I'm kind of looking for:
12 You were doing an awful lot of big thinking long before OTP was established.

13 MR. WHITEHEAD: Oh, yeah.

14 MR. EGER: Once OTP was established -- and don't take this the wrong
15 way because, you know, I eventually joined OTP, but I was at the FCC -- I
16 was watching this new office which was being -- which was the -- kind of the
17 hit man for a lot of muzzling of the media, threatening the media, making
18 sure, you know, the stories came out right. I mean, you were seen as kind
19 of the hatchet guy, the President's hatchet guy on the media.

20 MR. WHITEHEAD: Haldeman -- I mean, Colson did more of that than I
21 did.

22 MR. EGER: Yeah, he did. But you gave a great speech -- do you
23 remember in Indianapolis or somewhere --

1 MR. WHITEHEAD: Was that before OTP?

2 MR. EGER: No, that was after OTP. Once OTP got established, you were
3 threatening local affiliates, talking about drop-ins, you know, always -- it
4 seemed like you were always threatening the established media.

5 MR. WHITEHEAD: That was pretty much true.

6 MR. EGER: So, the question really was -- because this was the
7 perception -- is: Maybe -- could you have done better without OTP, without
8 creating OTP? Because you already successfully created one of the most -- I
9 call it self-policies -- that changed communications -- the Open Skies
10 Policy.

11 I mean, when that was -- later I went over to the FCC. Looking --
12 even looking backward at research, it was almost accepted. It was like it
13 just happened. I mean, boom. And without a lot of falderal.

14 MR. WHITEHEAD: You're saying we might have been more effective --

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: -- if we had not established OTP?

17 MR. EGER: That's the question.

18 MR. WHITEHEAD: I never thought about that. One of the things that we
19 were dealing with was the Rostow Commission.

20 MR. EGER: Yeah.

21 MR. WHITEHEAD: And the feeling was that we needed to do -- we needed
22 to take one of the Rostow Commission report recommendations and do something
23 with it. And the one that seemed the easiest to do was setting up OTP.

1 So, that's what we did. Now, whether it would have been easier in the
2 longer run for us to accomplish some of our goals without OTP and just do it
3 from the White House, I don't know.

4 MR. EGER: You did get more staff, I guess, with OTP. There was a
5 formalization of the concept. You got into a lot of other things; the Cable
6 Copyright Compromise. But the things that mattered the most -- like the
7 Cable Copyright Compromise, shepherding of the broadcasting bill along, even
8 the conversations you had with the Justice Department about the approach
9 they would take were done by you personally. I mean, I'm wondering whether
10 you could have done a lot of these same things --

11 MR. WHITEHEAD: Probably.

12 MR. EGER: Yeah -- without OTP.

13 MR. WHITEHEAD: Probably.

14 MR. EGER: Okay.

15 MS. BURGESS: Excuse me, John. I have a follow-up question about
16 that. I think you might have suggested -- or maybe Tom had suggested --
17 that the Democrats were very in favor of seeing the establishment of OTP.
18 Do you think there could have been more cooperation with you because OTP was
19 created, that perhaps the -- there might have been a bit more friction that
20 you faced?

21 MR. WHITEHEAD: Yeah. I think probably if we had rejected all of
22 their recommendations that that would have been seen as a rejection of
23 Johnson's policies. Everybody knew that Lyndon Johnson didn't want to deal

1 with communications.

2 MR. EGER: Because of his ownership.

3 MR. WHITEHEAD: Because of his wife's ownership of the TV stations.

4 So, we did that as a favor to him and to the Democrats. And nobody -- none
5 of the Democrats seemed to care one way or the other about anything else in
6 there. So, nothing ever happened.

7 MR. EGER: Yeah, so, there was no great pressure -- or was there? --
8 for the establishment of OTP.

9 MR. WHITEHEAD: No, there were --

10 MR. EGER: I mean, I understand the Rostow Report was even lost and
11 you couldn't find it right away.

12 MR. WHITEHEAD: Yeah, but that was -- there's a word for it -- it
13 wasn't really "lost."

14 MR. EGER: Okay.

15 MR. WHITEHEAD: One of the guys from the Budget Bureau had it and was
16 hiding it because it was considered politically very sensitive. And then --
17 someone in the media asked for it and, you know, the White House was just
18 being established and nobody -- literally nobody knew where to find it. I
19 mean, okay, we had this report but where the heck is it, you know? And so
20 we started asking around and nobody knew.

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: Literally nobody knew. Finally this Budget guy came
23 out and said, "Well, I have it." And the press made a big deal of it

1 because they said we were hiding it. In fact we weren't hiding it. So, it
2 came up -- as soon as we had it, we released it.

3 MR. EGER: I'm going back. I'm still thinking about all these other
4 responsibilities you had. You got really amassed in communications and so
5 you were really more the communications guy so maybe for -- maybe you would
6 have gotten your energies dispersed, diffused if you had stayed with that
7 large portfolio.

8 MR. WHITEHEAD: Oh, definitely.

9 MR. EGER: So, maybe it was a good thing to create the OTP.

10 MR. WHITEHEAD: Yeah, that's a good point, too. The President had a
11 science advisor with a small office and he brought in Lee DuBridge, the
12 science advisor to the President. Ever since Joe Charyk had been, I guess,
13 Eisenhower's science advisor.

14 MR. EGER: I didn't know.

15 MR. WHITEHEAD: There's always been a science advisor to the -- that's
16 how Charyk got his job.

17 MR. EGER: Oh, the head of COMSAT, yeah.

18 MR. WHITEHEAD: At COMSAT. Because he was a science advisor to the
19 President. And as the saying goes, he knows about all this technology stuff
20 --

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: -- let's make him the head of COMSAT. So, the -- I
23 would have had to deal with the science advisor and I had been responsible -

1 - I had taken this course at MIT. It was a small seminar program with --
2 gosh. I'm really terrible about names. Whoever was the head of --

3 MR. EGER: Jim Killian?

4 MR. WHITEHEAD: Jim Killian. And so the feeling was that ever since
5 Joe Charyk, that the science advisor had really been the lobbyist for the
6 science community. So, I would have had to deal with the lobbying of the
7 science community and the science community felt that it owned the Atomic
8 Energy Commission, National Science Foundation, and so forth, which were big
9 budget agencies at the time.

10 MR. EGER: Yeah. Yeah.

11 MR. WHITEHEAD: They took up a lot of budget and there were some
12 significant issues. I remember even back then the Internet was a
13 significant issue. So, I would have had to deal with all of that stuff.

14 MR. EGER: Yeah, when, going back to --

15 MR. WHITEHEAD: I think OTP -- I think we would have been more
16 effective at what we were doing if we dealt with telecom as a separate
17 agency. I think it was probably the right thing to do.

18 MR. EGER: But you don't mean like NTIA is today, or do you?

19 MR. WHITEHEAD: [REDACTED]

20 MR. EGER: [REDACTED]

21 MR. WHITEHEAD: Yeah.

22 MR. EGER: When you say a "separate agency" -- oh, I see -- creating
23 an agency within the White House.

1 MR. WHITEHEAD: In the White House.

2 MR. EGER: Yeah. Which kind of raises this question as to how serious
3 was the rest of the White House about what OTP was doing because -- and I'm
4 asking this only because you were so effective before OTP. I mean, OTP did
5 some wonderful things but it also -- it kind of -- I was telling Susan about
6 this book, *I Saw the President Last*, or something. You know, whoever gets
7 it last -- into the President last comes out and says, "Well, I got it all
8 solved," you know. And then you've got one of two choices: Go in and see
9 the President and say, "Did you just give Whitehead all this permission?"
10 You don't. You accept it.

11 Well, a lot of what you were doing -- and I say this because I learned
12 to do some of the same thing - you know, is just to say, "Hey, this is all
13 consistent with what the President believes. And I am the President's
14 principal advisor on telecommunications; therefore, I'm going to send out
15 some thunderbolts."

16 MR. WHITEHEAD: Right.

17 MR. EGER: I guess the question is: that's the reason why having a
18 separate entity in the White House really is such a good thing, but, at the
19 same time, you know, it wasn't well understood -- and I don't think it was -
20 - what your principal job was, you got all these crazy memos from Colson or
21 Herb Klein saying, "I wish you'd stop talking so much about communications
22 policy. I'm the Director of Communications." And I got to know him just a
23 little bit. He was the President's Director of Communications, meaning the

1 press office, and the former editor of *The Interview* (ph). Man, he hated
2 OTP.

3 MR. WHITEHEAD: Right.

4 MR. EGER: But he didn't really understand telecom.

5 MR. WHITEHEAD: No, he didn't.

6 MR. EGER: Nor, I don't think, did most people.

7 MR. WHITEHEAD: No.

8 MR. EGER: So, that was a good thing or a bad thing or just something
9 that you accept?

10 MR. WHITEHEAD: You just accepted it. I mean, to them communications
11 was what people are saying about the President. And to us communications
12 was a much broader thing.

13 MR. EGER: Right.

14 MR. WHITEHEAD: It was: what's the communications infrastructure of
15 the United States look like?

16 MR. EGER: Well --

17 MR. WHITEHEAD: And what are they saying about the President? I mean,
18 the two were inseparable, really.

19 MR. EGER: Yeah. Well, despite the effectiveness you had without OTP,
20 I mean, let's push aside all the things that you and Brian had to deal with
21 because of their misunderstanding, you still got a lot accomplished.
22 Looking back now in history would you say that one of the big problems with
23 communications policy in this country is that we did away with OTP? We

1 eliminated it.

2 MR. WHITEHEAD: Yeah. I think we should have kept it.

3 MR. EGER: We should have kept it. Why do you think it was
4 eliminated?

5 MR. WHITEHEAD: Oh, it was eliminated because -- well, you know the
6 real reason it was eliminated. It was eliminated because Jimmy Carter
7 thought that he would be -- he saw OTP dealing with the communications media
8 side of things and public broadcasting's budget and things like that. He
9 thought that he would get more favorable coverage from the media by
10 eliminating OTP because he thought, "Well, the media doesn't like OTP, so if
11 I get rid of it, then the media will like me."

12 And that was -- that grew out of the nexus between communications
13 infrastructure, i.e., the networks owned the communications -- they owned
14 the television networks and they talked about the President. So, if we do
15 away with the communications infrastructure then they will like me more.

16 MR. EGER: This may sound like a personal question but it's not that
17 much. When you left -- because you were involved in the transition from
18 Nixon to Ford -- you had said to me, "Just be careful. Just watch what
19 you're doing. And to change..." -- you may recall - "...move the numbers.
20 Eliminate all the numbers from OTP." I didn't know about it until I got a
21 call from you or Brian or somebody to say, "Hey, you no longer exist as of
22 next week when the budget gets locked in print."

23 MR. WHITEHEAD: That was wasn't me, I don't think.

1 MR. EGER: Oh, it wasn't. It must have been Brian then.

2 MR. WHITEHEAD: It may have been Brian.

3 MR. EGER: I mean, Cheney was going to eliminate the whole office just
4 by changing the numbers. He never --

5 MR. WHITEHEAD: That was because of Carter.

6 MR. EGER: No. Tom, this was right after you guys had masterminded or
7 handled the whole transition. You know, you had Ford doing muffins in the
8 kitchen and so on, and you were calling Rummie and Nino to have them come
9 back and run the White House.

10 MR. WHITEHEAD: Right.

11 MR. EGER: You and Brian are running around the White House changing
12 everything. I became the acting director.

13 MR. WHITEHEAD: Right.

14 MR. EGER: And a month later -- a month later, this was long before
15 Carter came in --

16 MR. WHITEHEAD: Cheney --

17 MR. EGER: Cheney became the Chief of Staff and he moved all the
18 numbers to eliminate OTP.

19 MR. WHITEHEAD: Wait a minute. Who became --

20 MR. EGER: Well, Rumsfeld was still there. Cheney was his deputy and
21 they were just going to eliminate OTP. And I --

22 MR. WHITEHEAD: I thought OTP was eliminated when Carter was elected.

23 MR. EGER: They weren't successful. That's right. That's exactly

1 when it happened. But what I'm saying is the new White House that Ford,
2 slash, Rumsfeld --

3 MR. WHITEHEAD: They wanted to zero it out.

4 MR. EGER: They wanted to zero it out, too, and Brian or Henry or
5 somebody said, "Hey, John, you better call Howard Baker. You better call
6 Barry Goldwater. You better call all these people and remind them all the
7 things that you have done to keep it alive."

8 And Cheney actually called me and he said, "All right. You're alive.
9 Stop the calling, stop having people call me." But I had no love at all. I
10 felt worse than you must have ever felt because I never got invited to any
11 meetings. I felt like I was really out there twisting in the wind.

12 MR. WHITEHEAD: Really?

13 MR. EGER: See, I don't think the White House really -- the
14 Republicans, I don't think anybody really cared about --

15 MR. WHITEHEAD: What it could do.

16 MR. EGER: -- what it could do. And you had some of that.

17 MR. WHITEHEAD: But you were doing stuff.

18 MR. EGER: Because I learned from you to pretend I was in charge.

19 MR. WHITEHEAD: Interesting.

20 MR. EGER: You know, I used to think, "How are we doing this?" You
21 were Mr. Cool. You invented cool, I think. You just said, "Well, just do
22 it." And we did. We did.

23 MR. WHITEHEAD: I was gone by then, right?

1 MR. EGER: Yeah, you had left. You resigned two or three days around
2 the same time that Nixon resigned. Because you said, "Look, you know, in a
3 lot of ways a lot of people are going to say I engineered this thing."
4 Remember? You and two other guys were sitting on your kitchen table writing
5 it out, the whole transition.

6 MR. WHITEHEAD: Yeah, right.

7 MR. EGER: You and Phil Buchen and somebody who -- I think Richard
8 Simms (ph).

9 MR. WHITEHEAD: That didn't last very long. That only lasted a few
10 months.

11 MR. EGER: That didn't need to last long. I mean, the whole idea was
12 --

13 MR. WHITEHEAD: Short.

14 MR. EGER: -- to make sure that nothing -- that the American people --
15 that none of our enemies -- I don't know if you have all this. We can take
16 advantage of the fact that this was a very weakened President. I mean, in a
17 lot of ways you guys saved the country from -- you, Tom, this is not to do
18 with telecom policy, but had you guys not done that and planned this
19 transition from Nixon to Ford, I mean, who knows --

20 MR. WHITEHEAD: Yeah.

21 MR. EGER: -- we might have been under attack. The American people
22 were clearly concerned. Anyway, we're getting off the track on --

23 MR. WHITEHEAD: No, because I'd like to get the history straight for

1 my mind. So --

2 MR. EGER: You went on U.S. News and, no, *Meet the Press* [*sic Face the*
3 *Nation*].

4 MR. WHITEHEAD: I went on *Meet the Press* [*sic Face the Nation*].

5 MR. EGER: That same week.

6 MR. WHITEHEAD: Right. And then I went off to spend a year at
7 Harvard.

8 MR. EGER: Yeah. You were gone.

9 MR. WHITEHEAD: I was gone. So, why did Haldeman and Rummie care
10 about me? They didn't care about me anymore.

11 MR. EGER: I don't know. Maybe it was -- I'm
12 just -- I'm rationalizing. I don't know. Maybe they were thinking that
13 OTP has a bad image.

14 MR. WHITEHEAD: Maybe.

15 MR. EGER: We're creating a whole new image with Jerry Ford. You
16 know, come take pictures. We're going to pop the muffins out of the
17 toaster, you know. I mean it was this --

18 MR. WHITEHEAD: Right.

19 MR. EGER: It was this -- and get rid of that OTP because that OTP has
20 a bad image. I don't know.

21 MR. WHITEHEAD: That's interesting.

22 MR. EGER: Let's shift to a different subject. So the letter goes out
23 on Open Skies. I don't know that I was at the FCC at the time. When did

1 that letter go? Was it '70 or 7-? -- when did you send that letter? Do we
2 have that letter, by the way?

3 MR. WHITEHEAD: That was '71, I think.

4 MR. EGER: Okay. I was still with Wiley. But I joined Burch at the
5 end of '71. The point is that the letter came in, Burch never said anything
6 to anyone. I think he called Bernie Strassberg.

7 Mr. WHITEHEAD: Probably.

8 Mr. EGER: And he said, "I have a great idea. Open Skies. What do
9 you think of that? Let's put out a rulemaking," and the following year out
10 came the rulemaking. People didn't even know. I mean, most people didn't
11 know that it originated at the White House.

12 MR. WHITEHEAD: But Bernie knew.

13 MR. EGER: Bernie knew everything. Bernie probably didn't like it.
14 But it was --

15 MR. WHITEHEAD: Bernie did not like it.

16 MR. EGER: Yeah.

17 MR. WHITEHEAD: I'll tell you why.

18 MR. EGER: But what did you do? Why did this -- why did it have - do
19 you think -- I'm guessing here that Burch is just saying, "Hey, I got this
20 letter from the White House. This is what they want. I'm going to do it."
21 There was not the usual give-and-take, there was no public debate about it.
22 It almost just happened.

23 MR. WHITEHEAD: It just happened, right. Well, I don't know. You can

1 tell me more about Burch than I can.

2 MR. EGER: Yeah. Well, eventually Burch didn't like getting all these
3 letters.

4 MR. WHITEHEAD: Yeah. He got tired of it.

5 (AUDIO STOPS)

6 MR. EGER: (Audio begins)Well, I knew Burch a little bit. I knew he
7 didn't like getting your letters. He obviously was -

8 MR. WHITEHEAD: Do I need to talk louder?

9 MS. BURGESS: I'm sorry. Just one second. No, you do not need to
10 talk louder, but -- Okay. It is recording.

11 MR. EGER: So, I'm curious, more than anything, as to why the Open
12 Skies - Now, maybe on Henry's observation -- I'm now reading the notes with
13 you. It just was the perfect storm. You know, it was just the right
14 weather. There was some hearings. I don't know whether you caused those
15 hearings to be held or were they initiated by the Congress or what -- about
16 Open Skies? You testified.

17 MR. WHITEHEAD: I don't remember hearing on it -- on Open Skies.
18 There may have been.

19 MR. EGER: There may have been.

20 MR. WHITEHEAD: I'll tell you one going back to why OTP. Nick Zapple.

21 MR. EGER: Nick Zapple. Nick Zapple.

22 MR. WHITEHEAD: Nick Zapple wanted there to be a policy on
23 international communications and whether that was Nick -- I think it was

1 Nick -- but the chairman of the communications -- Senate Communications
2 Committee at that time was -- what was his name?

3 MR. EGER: Pastore?

4 MR. WHITEHEAD: Pastore.

5 MR. EGER: And then John Allman (ph).

6 MR. WHITEHEAD: And they wanted a policy on international
7 telecommunications, which I came to understand meant to them a policy on the
8 international record carriers, because the international record carriers
9 were fussing about the split of revenues between the three of them. I think
10 there were three.

11 MR. EGER: Yeah.

12 MR. WHITEHEAD: And so OTP was to them sold as an agency for
13 developing a policy on international communications. And it seemed to -- it
14 seemed to meet their requirements. They wanted it, so it was part of giving
15 the Senate something they want.

16 MR. EGER: Right, right.

17 MR. WHITEHEAD: Now, we didn't think that that was a very substantial
18 policy edict but if the chairman wants it then --

19 MR. EGER: Right.

20 MR. WHITEHEAD: -- we'll give it to him.

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: So, that -- that was part of the equation of why OTP -
23 - just a point of historical interest.

1 MR. EGER: There were certain blessings but there were certain curses
2 that went with the establishment of OTP.

3 MR. WHITEHEAD: Yeah. I mean, there were things that people wanted
4 and OTP gave different people different parts of what they wanted. And so
5 that was -- that was one of them.

6 MR. EGER: I wanted to ask also --

7 MR. WHITEHEAD: We still haven't gotten to the core reason for your
8 question.

9 MR. EGER: Which was -- you mean, why OTP versus ...

10 MR. WHITEHEAD: Why it created such a perfect storm.

11 MR. EGER: Yeah. Well, the perfect storm was already there. Yeah,
12 why did it? Well, if you look back you see clearly -- or more clearly that
13 by changing the ownership structure -- the policies and regulations governing
14 who could own a satellite -- you ended up not only offering cable a whole new
15 distribution system, undermining the existing telephone and broadcast
16 monopolies -- in fact, I wanted to ask: I mean, even before -- even without
17 the breakup of AT&T, it looks like Open Skies would have done the same
18 thing. I mean, eventually kind of destroy the monopoly.

19 MR. WHITEHEAD: That was the idea. This goes back to Dick Gabel in
20 the 1940s. Dick was an economist and he was trying to figure out why --
21 what the cost structure -- what the true cost structure was of AT&T.

22 MR. EGER: Oh, yeah.

23 MR. WHITEHEAD: There had been -- there had been a long-term study of

1 AT&T's profits, which AT&T strived mightily to hide. And this, Susan, gets
2 into the last stages of what I wrote about OTP. It was in AT&T's interest
3 to keep the -- keep this cost structure hidden.

4 MR. EGER: Yeah. Yeah. I remember all that big debate.

5 MR. WHITEHEAD: And there was a 1939 study where the FCC concluded
6 that it couldn't figure out --

7 MR. EGER: Who was subsidizing what.

8 MR. WHITEHEAD: -- yeah. What service was subsidizing what. Were
9 pink telephones subsidizing black telephones? Nobody knew. It was very
10 confused, and Dick was trying to develop an economic model for this.

11 Now, the economic model would have shown that the --

12 AT&T's general cost structure was being subsidized by the public telephone
13 service. And it would have shown that AT&T -- it would have shown that a
14 competitive telephone service was viable, which is not something AT&T wanted
15 to see.

16 MR. EGER: Wow, yeah, yeah.

17 MR. WHITEHEAD: And at the same time during the '50s new technologies
18 were developing as a result of World War II, and AT&T didn't want to see
19 those technologies to be expanded and developed.

20 MR. EGER: Right.

21 MR. WHITEHEAD: So, they were trying to hide the subsidization and
22 Gabel was trying to expose it. Now, it came -- it came to a head in the --
23 what was that hearing?

1 MR. EGER: Specialized Common Carrier.

2 MR. WHITEHEAD: Specialized Common Carrier.

3 MR. EGER: Yeah, 18920 -- 18920 -- I worked there. That was the first
4 thing I worked on. 18920 I still remember. Isn't that funny.

5 MR. WHITEHEAD: Yeah.

6 MR. EGER: Because subsidies was a big thing. And I just wanted to --
7 Susan, every time the Commission asked, "is this service subsidizing that
8 service," a van would back up to the FCC. There would be thousands and
9 thousands and thousands of documents.

10 MR. WHITEHEAD: Yeah.

11 MR. EGER: Excuse me. Yeah.

12 MR. WHITEHEAD: AT&T would bury the Commission in documents.

13 MR. EGER: Poor Bill McGowan. Yeah.

14 MR. WHITEHEAD: Yeah. So, the Specialized Common Carrier was there
15 and I said to myself, "How are we ever going to get the Specialized Common
16 Carrier through, if we can't get Open Skies through?" I mean, with Open
17 Skies you don't have this long history of subsidization and a different cost
18 structure and all that. Open Skies is a clean technology.

19 MR. EGER: Yeah.

20 MR. WHITEHEAD: So, we can do it here.

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: I said, "If we can show that competition is viable in
23 satellites, then it's probably viable in..."

1 MR. EGER: Absolutely.

2 MR. WHITEHEAD: "...in terrestrial microwave." So, that was the primary
3 reason that I was developing and promoting Open Skies.

4 MR. EGER: Fabulous. I don't think we have this. We should
5 definitely get this. Because along came this policy and it really changed
6 everything. Not only was it -- It changed everything.

7 MR. WHITEHEAD: Now, I was promoting Open Skies in and of itself,
8 because I thought it was a good idea, but I was promoting it -- the
9 underlying reason for promoting it was Specialized Common Carriers, and the
10 FCC literally didn't know what to do. Excuse me. AT&T didn't know what to
11 do. They were just flummoxed. And so, that was that.

12 Now, the reason that Bernie was upset was that Bernie believed in
13 AT&T.

14 MR. EGER: Bernie believed what?

15 MR. WHITEHEAD: In AT&T.

16 MR. EGER: Yeah, yeah.

17 MR. WHITEHEAD: Excuse me. My mouth is dry. It's hard for me.

18 MR. EGER: No, that's all right. That just didn't hit my ears.

19 MR. WHITEHEAD: He believed in AT&T. And what Bernie wanted was a
20 single competitor to AT&T, and he wanted a point of reference. He wanted to
21 know how -- what is the real competitive cost structure of AT&T. Because if
22 I've got that, then I can regulate the hell out of AT&T, because I know what
23 their real cost structure is, and I can be a much more effective regulator.

1 MR. EGER: Yeah. Yeah.

2 MR. WHITEHEAD: And I can regulate not just AT&T, but I can regulate
3 new competitive carriers. So, I could be the master regulator.

4 MR. EGER: But you knew that he would never get that.

5 MR. WHITEHEAD: Yeah. So, Open Skies would demolish his regulatory
6 scheme, because there wouldn't be any need for it anymore.

7 MR. EGER: Right.

8 MR. WHITEHEAD: And what I was trying to do was demolish the need for
9 regulation. I was trying to promote a de-regulatory structure so that
10 regulation was not necessary, that the market would regulate. That's what I
11 was trying to do.

12 And what Bernie was trying to do was, as I said, be a master regulator
13 who everything had to pass through.

14 MR. EGER: Just out of curiosity. If that letter were two years later
15 -- you know, it's written by OTP to Dean Burch, do you think it would have
16 the same level of acceptance? I'm asking you to speculate on something.

17 MR. WHITEHEAD: I don't know.

18 MR. EGER: Yeah. I think --

19 MR. WHITEHEAD: I kind of doubt it.

20 MR. EGER: I kind of doubt it, too. I think the idea that it came so
21 early as a Presidential policy, got adopted -- even Bernie didn't have the
22 time to fight it.

23 MR. WHITEHEAD: He didn't know how to fight it.

1 MR. EGER: He didn't know how to fight it. It was a whole new way of
2 thinking, and he was still trying to figure out the rate structure --

3 MR. WHITEHEAD: He was back there with Gabel trying to figure out --

4 MR. EGER: He was?

5 MR. WHITEHEAD: -- how do you figure the rate structure.

6 MR. EGER: Now, did you know or think -- I mean, other than
7 competition and maybe that's enough -- but Open Skies really created whole
8 new industries. It created the cable industry.

9 MR. WHITEHEAD: Oh, yeah.

10 MR. EGER: I mean --

11 MR. WHITEHEAD. But we knew that too, you see. We were -- we knew
12 that promoting Open Skies and satellites would promote the growth of cable
13 because it would promote the use of satellites for additional cable
14 channels.

15 MR. EGER: Right.

16 MR. WHITEHEAD: So, we knew that very clearly.

17 MR. EGER: I remember Jerry Levin coming to see you.

18 MR. WHITEHEAD: Yeah.

19 MR. EGER: He was with a lawyer with Home Box Office.

20 MR. WHITEHEAD: Yeah.

21 MR. EGER: Did Ted Turner also come to see you or somebody from his
22 office? Maybe, the guys who -

23 MR. WHITEHEAD: I know.

1 MR. EGER: -- saw what you were doing and said, "You know, I can
2 create cable networks overnight."

3 MR. WHITEHEAD: Yeah, Turner came and that guy -- from Southern
4 Satellite Systems. I can't remember his name.

5 MR. EGER: Not Sam Wyly, that was Datran.

6 MR. WHITEHEAD: No, Sam was building a terrestrial network.

7 MR. EGER: Yeah.

8 MR. WHITEHEAD: He and Bill McGowan were building a Terrestrial
9 network.

10 MR. EGER: Let's see, there was McGowan --

11 MR. WHITEHEAD: Sam was a very aggressive promoter of what do you call
12 it -- Specialized Common Carrier.

13 MR. EGER: Data processing carriers.

14 MR. WHITEHEAD: I don't remember.

15 MR. EGER: But there were a number of users -- new carriers --

16 MR. WHITEHEAD: You see, there were a lot of things going on.

17 MR. EGER: Yeah.

18 MR. WHITEHEAD: Sam was trying to tie together a bunch of data
19 processing centers --

20 MR. EGER: Right.

21 MR. WHITEHEAD: -- in order to -- I don't remember that much about the
22 structure of the computer industry at that time, but AT&T was violently
23 opposed to data communications.

1 MR. EGER: Right.

2 MR. WHITEHEAD: I never figured out why they were, but they were. So,
3 Sam was fighting that. But we knew that the carriers wanted to transmit
4 both -- they wanted to transmit video, voice, and data. And one of the guys
5 you should talk to about all this is -- I cannot remember names today. The
6 guy in Boston, Susan.

7 MS. BURGESS: The professor or --

8 MR. WHITEHEAD: No.

9 MS. BURGESS: Oh, Sid. Sid Topol?

10 MR. WHITEHEAD: Sid Topol.

11 MR. EGER: Sid Topol. Is he still around?

12 MR. WHITEHEAD: Sid is still around. Sid, last I saw him was lively,
13 smart, and you've really got to talk to Sid.

14 MR. EGER: Yeah. I would love to do that. Sid Topol.

15 MR. WHITEHEAD: He's in Boston.

16 MR. EGER: He was with -- what was the name of that -- Atlantic
17 satellite? No. Atlanta.

18 MR. WHITEHEAD: Scientific Atlanta.

19 MR. EGER: Scientific Atlanta.

20 MR. WHITEHEAD: Yeah. Sid has the view that Jerry Levin and I and he
21 created the satellite television business; and he's right, we did. So, as I
22 recall it, Sid was -- Sid was the President of Scientific Atlanta
23 Cablevision and he was trying to build cable systems for Bill McGowan and he

1 was trying -- excuse me -- he was trying to build microwave systems for Bill
2 McGowan.

3 MR. EGER: Right.

4 MR. WHITEHEAD: And he was trying to build microwave systems for Jerry
5 Levin and for -- what's his name? -- the southern satellite guy.

6 MR. EGER: Is that a railroad?

7 MR. WHITEHEAD: No. Well, yeah, it was a railroad. No, I don't think
8 it was.

9 MR. EGER: Because there was Sprint, which came out of Southern
10 Pacific Railroad.

11 MR. WHITEHEAD: I've forgotten this guy's name. There was a rule that
12 a satellite company could not own a TV network. Does that sound familiar?

13 MR. EGER: I honestly don't remember.

14 MR. WHITEHEAD: It was some kind of a crazy rule like that.

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: I just don't remember what it was.

17 MR. EGER: I vaguely remember.

18 MR. WHITEHEAD: The story -- which is a great story -- which needs to
19 be verified.

20 MR. EGER: Yeah, okay.

21 MR. WHITEHEAD: And can be verified by talking to -- what's his name?

22 MS. BURGESS: Sid?

23 MR. WHITEHEAD: No. Brian Lamb can fill you in on all these names.

1 The guy's name is Glen or McGinn -- worked for Jerry Levin -- I mean, worked
2 for Ted Turner for many years.

3 In any event, the story goes that Ted Turner was called on by some
4 salesman from the Hollywood networks and he said -- you know, Ted Turner at
5 that time owned the small UHF TV station in Atlanta -- and the guy offered
6 to sell Ted the local rights to all these Hollywood movies for some
7 pittance. And Ted being a smart shrewd guy said, you know, "Gee, I can buy
8 all of these rights for just a few million dollars."

9 So, Ted buys all of -- at least a large number of the rights to the
10 cable TV -- I keep saying cable TV. Why am I saying that? He kept buying -
11 - he bought the rights to all these movies. And, so, he owned the rights to
12 a huge number of movies, but he didn't have any way of distributing them.

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: So, Ted's idea was, "What I do is I put up a satellite
15 network." And he said, "But I can't own a satellite network because of
16 these damned FCC rules. So, I'm going to arrange for this guy -- what's-
17 his-name -- to put up a common carrier satellite network to carry my movies
18 to cable TV systems. So, somehow that got through the FCC and Sid sold the
19 boxes to the cable TV operators.

20 MR. EGER: Right.

21 MR. WHITEHEAD: To receive the TV signals.

22 MR. EGER: Yeah. Yeah.

23 MR. WHITEHEAD: And Jerry came along, and he backed on that. So, of

1 course -- and then, of course, everybody knew what HBO was. Nobody knew
2 what Sid Turner -- I mean, Sid Topol -- they knew Scientific Atlanta because
3 Sid was out aggressively promoting.

4 MR. EGER: Very much so.

5 MR. WHITEHEAD: So he and Jerry were promoting cable TV all over the
6 country to get HBO.

7 MR. EGER: Right.

8 MR. WHITEHEAD: And they were more successful than Ted Turner in the
9 early years.

10 MR. EGER: I didn't know that.

11 MR. WHITEHEAD: Yeah, because Turner was just selling movies.

12 MR. EGER: Would you say --

13 MR. WHITEHEAD: Old movies.

14 MR. EGER: Would you say that between Turner, who put WTBS and the
15 Atlanta Braves up on the satellite --

16 MR. WHITEHEAD: That was much later.

17 MR. EGER: Was it really? So, the earlier users for programming were
18 HBO and --

19 MR. WHITEHEAD: Yeah. It was HBO.

20 MR. EGER: HBO.

21 MR. WHITEHEAD: Yeah. The movies loved HBO because it was a way of
22 distributing their top movies.

23 MR. EGER: Yeah.

1 MR. WHITEHEAD: So, anyway. Sid has the idea that Jerry and I and he,
2 Sid, developed the cable industry, which I think is true.

3 MR. EGER: It would be great, Susan, to get a couple of paragraphs or
4 comments from Jerry Levin who's on the West Coast now. There's a big story
5 --

6 MR. WHITEHEAD: If you can find Jerry.

7 MR. EGER: Yeah. You know what he's doing now?

8 MR. WHITEHEAD: Yeah.

9 MR. EGER: He's re-married and he's running a --

10 MR. WHITEHEAD: You've got to get him to talk to you.

11 MR. EGER: -- yeah -- a health -- spiritual center. It's very
12 expensive. It was in the last issue of *Business Week*. What's her name?
13 The Honey Money, Money Honey -- whatever her name is -- did an interview
14 with him. About -- his life changed. He says, "You know, I spent too long
15 at Time Warner fighting devils. He never admitted to his son's -- he didn't
16 really deal with his son's death, Jonathan.

17 His son was a schoolteacher in a terrible neighborhood and was
18 accosted late at night by one of his students who tied him up and killed him
19 and took his credit cards. Anyway. He's now running this health facility,
20 and he says, "I'm a different guy." He says, "What's really important --"

21 MR. WHITEHEAD: He's remarried.

22 MR. EGER: Yeah.

23 MR. WHITEHEAD: And he's doing that. Anyway, Sid wants to do a piece

1 on the three of us developing the cable industry.

2 MR. EGER: Great. He's in Boston?

3 MR. WHITEHEAD: He's in Boston.

4 MR. EGER: Yeah.

5 MR. WHITEHEAD: Jody has his phone number.

6 MR. EGER: Good.

7 MR. WHITEHEAD: So, listen -- that I think is an important part of the
8 equation.

9 MR. EGER: How are you doing?

10 MR. WHITEHEAD: I'm okay.

11 MR. EGER: Do you want to keep going?

12 Mr. WHITEHEAD: Yeah.

13 MR. WHITEHEAD JR: We're having lunch soon.

14 MR. WHITEHEAD: We can talk during lunch. I'd like to keep going as
15 long as we can.

16 MR. EGER: Excuse me.

17 MR. WHITEHEAD: Let me go on this a little bit more. You need to
18 check the timing of Southern Satellite Systems...

19 MR. EGER: Yeah. Escapes my brain.

20 MR. WHITEHEAD: ...and Turner's TBS. I'm convinced it was significantly
21 later than the HBO thing or maybe it, maybe it was that Turner had invested
22 a lot in TBS, but I think it was just, the problem was that he was just
23 showing old movies...

1 MR. EGER: Yeah, he was.

2 MR. WHITEHEAD: ...and people wanted to see new movies.

3 MR. EGER: A lot of people liked the Braves, though. I don't know,
4 but...

5 MR. WHITEHEAD: I don't know when the Braves became -- I think it was
6 after Ted bought the Braves.

7 MR. EGER: Yeah.

8 MR. WHITEHEAD: So, that would have been later. But you can check the
9 timing of all this.

10 MR. EGER: Yeah.

11 MR. WHITEHEAD: But one of the fascinating stories was that McGowan
12 needed a microwave system.

13 MR. EGER: Right.

14 MR. WHITEHEAD: Remember how he started? He built the microwave
15 system cross Illinois. And the - so, he needed a microwave system across
16 Illinois. Well, I had never much thought about it, but he needed a
17 microwave system. And so, I was talking to Sid one day, and I said, "You
18 know, Sid, the amazing thing is that McGowan actually -- with all of the
19 regulatory junk going on -- he actually built a microwave system."

20 I mean, the thing that differentiated Bill from everybody else was
21 that Bill built a system. He didn't have a proposal with the FCC. He had a
22 real live operating microwave system that he wanted to use. And nobody else
23 had a real live operating system. And I said, "Who on earth would finance a

1 microwave system when there was no customer; AT&T, the biggest lobby in the
2 country, was vigorously opposing the construction of a microwave system;
3 how on earth -- who on earth would finance this?" And Sid gives me this
4 little grin. It was Sid.

5 MR. EGER: Is that right?

6 MR. WHITEHEAD: It was classic vendor financing. Sid financed Bill
7 McGowan's microwave system.

8 MR. EGER: I didn't know that. I didn't know that!

9 MR. WHITEHEAD: So, the -- once the Commission had a real live system
10 to promote, it was Sid Topol's microwave system.

11 MR. EGER: Amazing. Yeah.

12 MR. WHITEHEAD: Isn't that amazing?

13 MR. EGER: Yeah. I got to know him a little bit. I have a place in
14 Tennessee by Deegan (sp?). But that's all I remember. But I knew he was
15 there. You know, he'd go to all these things. He went to OTP. He was
16 always there. He was everywhere, and I couldn't figure out what the hell is
17 this company Scientific Atlanta doing?

18 MR. WHITEHEAD: Well, what they did was they built, they built the set
19 top boxes, and they built the dishes. So, between the dishes and the set
20 top boxes, they pretty much had the infrastructure for the satellite
21 networks.

22 MR. EGER: Fascinating. Yeah.

23 MR. WHITEHEAD: And, incidentally, they had the infrastructure for the

1 Open Skies. So, it really was a perfect storm. All these guys were
2 developing all this stuff, and we were, we were promoting the competition in
3 order to assure that not just satellites but also terrestrial microwave
4 systems would be able to develop in a free enterprise regulatory
5 environment.

6 MR. EGER: Yeah. Yeah. Fascinating. You see, I think we already
7 have enough to start writing. If we just start talking about the perfect
8 storm, Open Skies, policy by stealth, and then begin talking about what
9 things -- start with a letter in 1970. 1970. You know, and it's such a
10 great story from there.

11 MR. WHITEHEAD: It's regulation. Regulation by market rather than
12 regulation by government commission.

13 MR. EGER: Yeah, but what you did was clearly stealth.

14 MR. WHITEHEAD: Was what?

15 MR. EGER: Stealth; covert almost.

16 MR. WHITEHEAD: Well, Open Skies wasn't covert.

17 MR. EGER: I know, but nobody knew where the hell this came from.

18 MR. WHITEHEAD: That's right, nobody knew where.

19 MR. EGER: You know, and had you been this guy who had all these
20 responsibilities -- who people found you eventually -- but you came in,
21 clean slate, no one -- I think, you know, you look at the whole environment.
22 You look over the next 20 years, and you say, "This is what we need."

23 MR. WHITEHEAD: This is what --

1 MR. EGER: It gets done.

2 MR. WHITEHEAD: And you look at AT&T, and you say, "This is what we
3 don't need."

4 MR. EGER: Yeah.

5 MR. WHITEHEAD: That's where --

6 MR. EGER: I think it's a fascinating story, and it's kind of the
7 threshold chapter that can also stand alone.

8 MR. WHITEHEAD: And you've got to remember that it was very much a
9 combination of deregulating TV, as well as deregulating telecom networks.

10 MR. EGER: Well, how do you mean that?

11 MR. WHITEHEAD: Because, well, in order to deregulate the TV networks,
12 you had to have more channels.

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: That's the key in regulating the networks, is you had
15 to have more channels. And the only way to get more channels into the home
16 was cable.

17 MR. EGER: Right. You are right. You're right.

18 MR. WHITEHEAD: And the only way to get cable around the country was
19 not satellite -- excuse me -- was not microwave, it was satellites.

20 MR. EGER: Yeah.

21 MR. WHITEHEAD: And the cost of duplicating -- you see, this is key --
22 the cost of duplicating AT&T's terrestrial microwave system was prohibitive.
23 It was huge. It was tens of millions of dollars to replicate that microwave

1 network. So, that's why you needed satellites.

2 MR. EGER: Yeah.

3 MR. WHITEHEAD: And that's what nobody in the -- well, some people in
4 the media business saw that. Julie Barnathan at ABC saw it, but for
5 the most part nobody saw it.

6 MR. EGER: No.

7 MR. WHITEHEAD: But Jerry saw it. Ted Turner saw it. The satellite,
8 you send it up once, and it's gone. It can be received everywhere.

9 MR. EGER: This is another chapter. I don't think it's this chapter
10 because it's another phase in your life. I remember when you came to CBS
11 and you had created Galaxy with Hughes. And you were..

12 MR. WHITEHEAD: That was later.

13 MR. EGER: ...offering people the chance to have multiple channels and
14 the CBS people didn't like you either. Because --

15 MR. WHITEHEAD: Oh, no.

16 MR. EGER: -- now you're saying, "This is a chance for you to have all
17 these channels."

18 MR. WHITEHEAD: Yeah, right.

19 MR. EGER: They didn't want to hear that.

20 MR. WHITEHEAD: They didn't want to hear that at all.

21 MR. EGER: No. But we knew that somebody was going to go -- was going
22 to buy those transponders. And I guess you did sell all of them.

23 MR. WHITEHEAD: For a huge amount of money.

1 MR. EGER: But that's another whole story of how, you know, Tom left -
2 - and, again, this is not OTP, this is you -- offering these cable
3 satellites to broadcasters and non-broadcasters alike.

4 MR. WHITEHEAD: Right.

5 MR. EGER: And obviously making a business of it. Yeah. Fascinating.
6 It was fascinating.

7 MR. WHITEHEAD: By that time, Ted recognized what the satellites could
8 do. Ted was the last OTP customer. He was really pissed at me that I
9 wouldn't sell him a transponder. Really, really pissed.

10 MR. EGER: Did you not have any left?

11 MR. WHITEHEAD: Yeah, I did. I had the last two left.

12 MR. EGER: So, why didn't you sell them to him?

13 MR. WHITEHEAD: Because other people at that time were more important
14 for the overall mix.

15 MR. EGER: This was because you had heard from cable operators --

16 MR. WHITEHEAD: Cable operators.

17 MR. EGER: -- that this is what the mix ought to be?

18 MR. WHITEHEAD: Yeah. I was listening to cable operators.

19 MR. EGER: All right.

20 MR. WHITEHEAD: People have said that that was one of the greatest
21 satellite business successes in the country ever. I suppose it was. But it
22 was really not a satellite play. It was a cable play. I picked -- Henry
23 and I did this in a classic shopping center mode. We picked HBO to be the -

1 - it was HBO and somebody else.

2 MR. EGER: They were anchor channels?

3 MR. WHITEHEAD: They were the anchor channels. And then we charged
4 them 8 million dollars for a transponder. And then we took the next guy and
5 we charged him, like, 9 or 10 million dollars. I think that was
6 Westinghouse.

7 MR. EGER: Yeah.

8 MR. WHITEHEAD: And then we picked the next guy. And all of that was
9 done based on the cable operators. So, finally we got it done. We had 14
10 transponders to sell. Actually, there were 24, but we had 16 that were
11 protected and the 14 were not. The remainder were not protected.

12 MR. EGER: Two satellites? One. One you had 16 channels on? You
13 can't remember. I assume we have files on this.

14 MR. WHITEHEAD: Yes, we have files on this. I think we just had the
15 one satellite. We must have had some kind of protection.

16 MR. EGER: Well, it probably didn't cover the whole country either.

17 MR. WHITEHEAD: Yeah. We had them somehow protected.

18 MR. EGER: Yeah.

19 MR. WHITEHEAD: I think we had two satellites. So, anyway, we were --
20 let's see, 16, 24 - well, whatever the numbers were. We had 16 transponders
21 and the last 2, we had not sold and Ted was just begging me for those last 2
22 transponders.

23 MR. EGER: What did you do with them?

1 MR. WHITEHEAD: Well, I had decided that I wanted to sell them to Ted,
2 but I also wanted to get a high price for them. So, I held out for 17
3 million dollars from Ted. So, it was a big difference between 8 million
4 dollars to Jerry Levin --

5 MR. EGER: I'll say --

6 MR. WHITEHEAD: And 17 million dollars to Ted. So, that was part of
7 it, because I wanted a high price. But part of it was that cable operators
8 were not clamoring for Ted. He just wasn't that big a deal. And so I
9 decided that, yeah, I did want to sell them to Ted and I did.

10 But the funniest part of the whole thing was once I made that
11 decision, I went to see Ted and Ted was the - you've met Ted -- and so he's
12 pacing around the room. I'm in his office and I'm sitting there at his
13 desk. He's smoking a big cigar. And he's cursing at me: "Why won't I sell
14 him these transponders? Yada, yada, yada."

15 So I decided, "Well, I'm just going to sit here." And so I just sat
16 at his desk. He starts walking around the desk expecting me to follow him.
17 And I didn't follow him. I just sat there looking at the front of his desk.
18 And so, finally he calmed down, and he sat down. I said, "I tell you what,
19 Ted, I'll sell these to you for 17 million each."

20 MR. EGER: Wow.

21 MR. WHITEHEAD: I'm sure if he knew that story, he'd be pissed.

22 MR. EGER: He's a character.

23 MR. WHITEHEAD: He's a character and a half. So, anyway we closed

1 that deal. And that was that.

2 MR. EGER: The -- I was really interested that the Open Skies Policy
3 has now migrated all over the world. There are a few instances where the
4 existing PT&T decides it wants launch a satellite and then the monopoly
5 model continued. But by and large most countries seem to be opening up.
6 Did you kind of know that might happen, or was that even part of your
7 thoughts at the time?

8 MR. WHITEHEAD: I don't think it was a major part of our thoughts at
9 the time.

10 MR. EGER: Yeah.

11 MR. WHITEHEAD: We were doing such groundbreaking work. We weren't
12 there yet.

13 MR. EGER: Yeah. But then Candice Johnson -- if you remember, it's
14 very painful -- you remember because CBS was over -- we were talking to the,
15 and it occurred to me that they don't know what they're doing with
16 satellites and then she contacted you and asked you to come over there. And
17 you got the European satellite off the ground. But it wasn't quite the same
18 as Open Skies. I mean, there isn't an analogy there, is there?

19 MR. WHITEHEAD: Well, yeah, there was an analogy because the idea in
20 both was to be a kind of monopoly structure for the distribution of
21 satellite systems. OTP was not -- excuse me -- Galaxy was not considered to
22 be a gift to the world. We did not want other satellite manufacturers to
23 copy what we were doing. Our hope was that everybody would stay on Galaxy.

1 So, it was not -- it was -- it was Open Skies in a sense but we were really
2 going to try to keep the selection of which cable operators were on the
3 satellite made by us. So, it was considered to be a kind of monopoly.

4 MR. EGER: Yeah, it was. Right.

5 MR. WHITEHEAD: But a monopoly with many satellites, not just a few --
6 excuse me -- many channels.

7 MR. EGER: The fact is -- just so I can kind of understand this a
8 little bit -- once you create the Open Skies, meaning, anybody could come in
9 and buy a transponder.

10 MR. WHITEHEAD: Well, Open Skies was anybody could put up a satellite.

11 MR. EGER: Anybody could put up a satellite. You don't have to be a
12 carrier.

13 MR. WHITEHEAD: No.

14 MR. EGER: -- broadcaster, user.

15 MR. WHITEHEAD: Anybody can put up a satellite.

16 MR. EGER: Is there a limit to the number of satellites you can put
17 up?

18 MR. WHITEHEAD: Oh, yeah, but it's a very large limit.

19 MR. EGER: Is it? Because there were some people at least in the --
20 that's really clever.

21 MR. WHITEHEAD JR: I'm trying to figure a new way to record after
22 lunch.

23 MR. EGER: Yeah, okay.

1 MR. WHITEHEAD JR: I'm sorry to disturb you.

2 MR. EGER: There were some people at the ITU who were a little
3 concerned that maybe Americans would maybe dominate the world because they
4 would be the first ones in under the Open Skies Policy. I'm now broadening
5 your Open Skies to global thinking. And people who had the money, had a
6 printing press, did all the printing, you know it was kind of that thinking.

7 MR. WHITEHEAD: Well, Europe -- the Americans were the largest
8 manufacturers of satellites, and so people were afraid that the American
9 manufacturers would put up a whole bunch of satellites under the Open Skies
10 mode. And the FCC started licensing satellite systems so the people around
11 the world were concerned that the FCC would license too many stations -- too
12 many systems around the world.

13 MR. EGER: Yeah. We have found some data, though, that shows -- which
14 is very good -- that shows that competition worked so well here, other
15 countries are saying --

16 MR. WHITEHEAD: ...would adopt it.

17 MR. EGER: -- we've got to do the same thing.

18 MR. WHITEHEAD: And we sort of thought about that. We anticipated
19 that. England was the first to really see the implications of it. And they
20 -- they started a -- what do they call their satellite system? -- I mean
21 what do they call their regulatory system?

22 MR. EGER: Yeah. OPCOM?

23 MR. WHITEHEAD: OPCOM or something.

1 MR. EGER: OPCOM, yeah.

2 MR. WHITEHEAD: And they knew -- they adopted it pretty quickly.

3 MR. EGER: They did, yeah. I've always --

4 MR. WHITEHEAD: And what's his name -- this is not my day for --

5 MR. EGER: Murdoch.

6 MR. WHITEHEAD: Well, Murdoch saw it. He was the first customer.

7 MRS. WHITEHEAD: Tom? Tom?

8 MR. WHITEHEAD: Yeah.

9 MRS. WHITEHEAD: Lunch is served.

10 MR. WHITEHEAD: All right. Just a minute. He was the first customer
11 for ICS.

12 MR. EGER: Who was that?

13 MR. WHITEHEAD: Murdoch.

14 MR. EGER: Murdoch, okay. I was always curious. Why didn't he go to
15 Luxembourg? He stayed in Britain. The laws were better in Britain?

16 MR. WHITEHEAD: Well, I can only surmise.

17 MR. EGER: He's got to be on SCS but he's --

18 MR. WHITEHEAD: I can only surmise it. I had a meeting once with
19 Murdoch and the guy who succeeded Jerry at. . .

20 MR. EGER: Parsons?

21 MR. WHITEHEAD: No. Before Parsons. Anyway, Jerry's successor at
22 Time Warner. And Frankie Biondi, it was.

23 MR. EGER: Oh, okay. Yeah, yeah, he was there.

1 MR. WHITEHEAD: And we agreed that we would set up a consortium of
2 Hughes, HBO, and Murdoch, and the three of us would set up this consortium
3 through SES. And for some reason that I never figured out, Murdoch pulled
4 out when he figured it wouldn't work. I think it was, I can only surmise --
5 but I think it was because he saw that being a customer was more attractive
6 than being a satellite operator.

7 MR. EGER: Well, is this before or -- he created BSkyB?

8 MR. WHITEHEAD: Just as he was creating BSkyB.

9 MR. EGER: He probably wanted his own thing.

10 MR. WHITEHEAD: He wanted -- yeah, he probably wanted his own thing.

11 MR. EGER: Yeah. He did the same thing -- or tried to -- in Asia out
12 of Hong Kong.

13 MR. WHITEHEAD: Yeah.

14 MR. EGER: I don't think it's the same system at all.

15 MR. WHITEHEAD: Alright, shall we have lunch?

16 MR. EGER: Yeah.

17 (AUDIO ENDS)

18 MR. WHITEHEAD: (Audio begins)... FCC regulations. They really want the
19 FCC to regulate the Internet. Before, they wanted to keep the FCC out of
20 the Internet, and fight your battles in a regulatory market. I think they
21 ought to fight their battles in a regulatory market.

22 MR. EGER: Right.

23 MR. WHITEHEAD: What people say is, "Well, that probably is good or

1 it's bad. I don't want the FCC to be greedy," -- which it is - "and enforce
2 that."

3 MR. EGER: Yeah. Were you involved in the Fairness Doctrine repeal or
4 discussion? When was that repeal? I can't remember now.

5 MR. WHITEHEAD: Brian, Henry, and I had a debate about that. It was
6 one of my last big battles with the White House. I called for the abolition
7 of the Fairness Doctrine. And Colson loved the Fairness Doctrine because it
8 was a way for him to beat up on the networks. And so he wrote a memo
9 castigating me for calling for the abolition of the Fairness Doctrine. I
10 never wrote a "Dear Dean" letter, which I wish I had done. But what I did
11 do was give a couple of interviews, one was in the *Post* and one was in the
12 telecom magazine -- probably Sol what's-his-name's rag.

13 MR. EGER: Taishoff.

14 MR. WHITEHEAD: Taishoff, yeah.

15 MS. BURGESS: I'm sorry. What word did you just say?

16 MR. EGER: Sol Taishoff.

17 MR. WHITEHEAD: Taishoff.

18 MS. BURGESS: Oh, Taishoff.

19 MR. EGER: He ran *Broadcasting* magazine.

20 MR. WHITEHEAD: He ran the most powerful radio and TV magazine. And
21 so I was clearly gearing up to call for the abolition of the Fairness
22 Doctrine.

23 MR. EGER: They eventually, I guess, won. They eliminated it but...

1 MR. WHITEHEAD: Well, there was the FCC Commissioner to Reagan.

2 MR. EGER: Yeah.

3 MR. WHITEHEAD: Who promoted the...

4 MR. EGER: Yeah. That's right. Television is just a toaster or
5 something. Mark Fowler? Was it under Mark Fowler?

6 MR. WHITEHEAD: No, it wasn't Mark.

7 MR. EGER: He had the expression, anyway, that television is just a
8 toaster with pictures.

9 MR. WHITEHEAD: Uh-huh. But Flanigan wrote me a memo saying, "I
10 thought we had agreed that you were going to get off this Fairness Doctrine
11 thing." Which meant, get off the Fairness Doctrine thing. So, I got off it
12 and Brian and Henry, maybe you, were mad at me for getting off of it.

13 MR. EGER: Wasn't me. Maybe it was. I don't know now. Who can
14 remember?

15 MR. WHITEHEAD: Well, the feeling was the Fairness Doctrine was really
16 antithetical to everything that we had been wanting to do.

17 MR. EGER: Well, absolutely. Well, and it would have given you a
18 different reputation among broadcasters.

19 Margaret, we were talking about.... Here Tom was doing all the good
20 work, but the White House really just wanted him to be the hatchet man, you
21 know. Beat up the networks, muzzle the media, get the stories you want.

22 MRS. WHITEHEAD: Well, it was very interesting how Tom's -- actually -

23 -

1 MR. WHITEHEAD: At least stay out of their way.

2 MRS. WHITEHEAD: It was a microcosm of the problem that Nixon had,
3 because Nixon really wanted power back to the people. And he really wanted
4 revenue sharing and he really wanted OSHA, and he wanted all these things
5 that were very democratic, with a little "D," and that's what Tom wanted in
6 telecommunications. But it all became -- there were all these intersections
7 with power relations in terms of the -- what the Colson philosophy and the
8 strong idea in government of trying to control things to make -- to
9 ameliorate Nixon's paranoia.

10 We sort of resided socially at the intersection of that and it was
11 very uncomfortable and you-all had to appear to be doing one thing but while
12 you're really doing a better thing, in some cases. Wasn't that right?

13 MR. EGER: Right. Susan and I have talked about every progress was
14 made. I call it policy by stealth.

15 MRS. WHITEHEAD: I heard that. That's good. It was.

16 MR. EGER: Everything had to be either leaked to *The New York Times*,
17 let's get a hearing going, let's get this going --

18 MRS. WHITEHEAD: Yes.

19 MR. EGER: -- how do we shape this missive? And Tom had to pretend
20 like he saw the President last and this is how we're going to do it.

21 I learned, I learned you know, because I said to Susan, I said, "This
22 is the original Mr. Cool." He never got angry or upset about anything. We
23 were always in charge. And we're just not going to deny it, and we're not

1 going to let anyone think differently. You know. We know what we're doing.
2 Peter Sellers -- there' this one movie about he gets caught by his wife.
3 He's in bed with another woman. And he says -- he gets out of there -- he
4 says, "What are you talking about?" And she says, "That woman in bed with
5 you." And he pulls the sheet over her. He says, "What woman in bed with
6 me?"

7 MRS. WHITEHEAD: [REDACTED]

8 MS. BURGESS: Peter Sellers.

9 MRS. WHITEHEAD: [REDACTED]

10 MR. EGER: [REDACTED]

11 [REDACTED]

12 MR. EGER: [REDACTED]

13 MRS. WHITEHEAD: [REDACTED]

14 [REDACTED]

15 MR. EGER: [REDACTED]

16 MRS. WHITEHEAD: [REDACTED]

17 MR. EGER: But we did that. We'd always say, "This is what the
18 President wants."

19 MRS. WHITEHEAD: I do remember there was a lot of that. They were
20 selling the administration, and then they were selling everybody else and
21 the industry and they were two different things.

22 MR. EGER: But we weren't the only ones doing that.

23 MRS. WHITEHEAD: We weren't what?

1 MR. EGER: We weren't the only ones. I think government still works
2 that way.

3 MRS. WHITEHEAD: Do you?

4 MR. WHITEHEAD: Yeah, it still does.

5 MR. EGER: Yeah. You leak something to *The New York Times* and then
6 you start quoting *The New York Times*.

7 MRS. WHITEHEAD: Well, Tom, Tom was doing this --

8 MR. EGER: Didn't Cheney do that with weapons of mass destruction?

9 MRS. WHITEHEAD: He was doing this until the last minute and he
10 eventually in the end was banned from the White House mess, the White House
11 staff, the White House staff reacted against him. He was banned from the
12 White House mess and there were people in there who just absolutely hated
13 him. We were doing this right around the time that Nixon resigned.
14 Remember that big story you leaked to *The New York Times*?

15 MR. WHITEHEAD: Right.

16 MRS. WHITEHEAD: What was that? Was it public broadcasting.

17 MS. BURGESS: Public broadcasting.

18 MRS. WHITEHEAD: All right. I'm going to be quiet and go.

19 MS. BURGESS: I have a question, actually, going backwards a little
20 bit, Tom. Were you saying that the first time someone in the administration
21 told you not to speak out against the Fairness Doctrine was that letter?
22 That you hadn't been spoken to before about it?

23 MR. WHITEHEAD: The memo from Flanigan to me?

1 MS. BURGESS: Yes.

2 MR. WHITEHEAD: That was, I think that was the last time.

3 MS. BURGESS: Okay.

4 MR. WHITEHEAD: And they said Brian and Henry were really annoyed
5 because it was part of our -- and Bruce Owen -- I think Bruce was still
6 there -- they were really annoyed because it was part of the OTP theme. And
7 I said basically, "Guys, you want to survive, you've got to go along
8 sometimes. I just can't fight this. There's so much I could fight and
9 this, this is one I can't fight. I'm going to lose it, and then we're all
10 gone."

11 MR. EGER: What about the speech that you made -- I'm trying to think
12 of where you made it -- but it was talking about licensee responsibility,
13 and in effect you were urging that the independents as well as the network
14 affiliates listen to the network news before you routinely begin
15 broadcasting. In other words, show some judgment.

16 MR. WHITEHEAD: Right.

17 MR. EGER: People wanted to attack you on the stage.

18 MRS. WHITEHEAD: Was it Indianapolis.

19 MR. EGER: Indianapolis. Thank you.

20 MR. WHITEHEAD: Right.

21 MR. EGER: Was that something that Colson or Ehrlichman had asked you
22 to do or was this part of the OTP policy?

23 MR. WHITEHEAD: That was OTP policy and it was part of the "you've got

1 to go along."

2 MR. EGER: Right.

3 MR. WHITEHEAD: We were under pressure to get the networks to apply --
4 to apply pressure on the networks to have a more balanced TV policy in terms
5 of what they covered and what they didn't cover.

6 MR. EGER: Yeah.

7 MR. WHITEHEAD: And our thought was, well, we can't really bang on the
8 networks the way Colson is doing...

9 MR. EGER: Yeah.

10 MR. WHITEHEAD: ...but what we can do is call on the industry to pay
11 attention to its own broadcasting and consider that at broadcast renewal
12 time that the Commission should look at how the networks -- how the local
13 stations are covering --

14 MR. EGER: Yeah.

15 MR. WHITEHEAD: -- the issues. So new broadcasters should be paying
16 attention to that. And that's better for you than having the networks and
17 the White House beating up on each other.

18 MR. EGER: Yeah. Looking back now, that clearly clouded a lot of
19 other things you were doing.

20 MR. WHITEHEAD: Yeah, it did and it was -- I think in retrospect it
21 was a worthless speech.

22 MR. EGER: It sure got a lot of headlines.

23 MR. WHITEHEAD: It got a lot of headlines. We were -- it was an

1 example of trying to serve two masters. We were trying to get the -- get
2 the networks to -- we were trying to satisfy the White House, and at the
3 same time...

4 MR. EGER: Got you.

5 MR. WHITEHEAD: ...trying to show the networks and press that we were
6 not big bad guys. That there was a regulatory structure and that structure
7 ought to be followed. But no one wanted to follow the structure.

8 MR. EGER: I blame it all on Brian. I blame it on Brian.

9 MR. WHITEHEAD: I'll go along with that.

10 MR. EGER: I don't know about you, but he pushed me under a lot of
11 uncomfortable situations. I remember he sent me up to New York to meet with
12 a New York crowd that consisted of all these liberals on the podium. I
13 couldn't even speak. People wouldn't even let me speak. What about the
14 free press? What about --? Anyway.

15 He said -- I came back, I said, "Why did I go up there again?"
16 Because I didn't have anything to say. He said, "It's good training for
17 you." He says, "You have to know what it feels like" -- this is after
18 Indianapolis -- he said, "because who knows when people are going to want to
19 tear your throat out like they did to you a few times."

20 I wanted to ask about a lot of policies that came after Open Skies
21 that you got involved in. Particularly -- well there's two or three of
22 them. One of them was the Cable Copyright Compromise.

23 MR. WHITEHEAD: Right.

1 MR. EGER: How did you -- when did you decide to exert yourself? Was
2 it the same kind of thing -- there were people who could see something had
3 to get done that wasn't getting done or what?

4 MR. WHITEHEAD: Yeah. The -- Brian could probably help you more here
5 -- but I -- let me think here.

6 MR. EGER: You had everybody at the table. I just want to refresh
7 your memory. You had Valenti, you had all the network heads, the cable
8 industry. I mean, everybody.

9 MR. WHITEHEAD: Everybody was there.

10 MR. EGER: Everybody was there.

11 MR. WHITEHEAD: Most importantly the Hollywood producers were there.

12 MR. EGER: The Hollywood producers.

13 MR. WHITEHEAD: In the '50s -- talk about a perfect storm -- in the
14 '50s the Hollywood producers had become the primary source of television
15 programs. Originally, the -- some of our book, Susan, covered this -- but
16 originally the cable operators, particularly the networks, decided which
17 programs they wanted to produce. But it became clear, over time, that it
18 was more economic for them to let Hollywood people produce the programs.

19 So, the Hollywood people were making money from selling the programs.
20 And it was economic for them to deal directly with the advertisers and have
21 the advertisers and the program producers decide which programs were
22 produced. So, that model evolved and over a period of time the TV networks
23 no longer chose the programs that they were going to produce. It was the

1 program producers, the manufacturers.

2 So, that's why Norman Lear, for example, would come in to see us. And
3 Norman said, you know, "Well, I'll support everything you're doing except I
4 won't support what you're doing in the news." Because he saw the power of
5 that the Hollywood people had over his programs.

6 MR. EGER: Fascinating.

7 MR. WHITEHEAD: And he was very upset about it. So -- I was going to
8 say something else there.

9 MRS. WHITEHEAD: We're going to have to leave in about 15 minutes.

10 MR. WHITEHEAD: I'm okay.

11 MR. EGER: Should we...

12 MR. WHITEHEAD: Let's just keep going until I quit.

13 MR. EGER: Okay, well, this is kind of the last big question. I
14 wanted to also ask...

15 MRS. WHITEHEAD: I have nothing... I'm just giving... You guys can
16 appreciate this but I just want to make sure you're not too tired to come
17 back tomorrow.

18 MR. WHITEHEAD: I'm okay. It would be more disturbing than...

19 MRS. WHITEHEAD: Okay. Well, how about I get the pillow from the
20 basement and you can sit in this chair comfortably?

21 MR. WHITEHEAD: No. I'm fine. Lou Wasserman.

22 MR. EGER: Yeah. Mr. --

23 MR. WHITEHEAD: Mr. Powerful.

1 MR. EGER: Yeah, he was. I never met him.

2 MR. WHITEHEAD: He's not around anymore but his subaltern... You know,
3 we had that DVD which John ought to watch. But Lou had this guy -- I can see
4 him in front of me.

5 MR. EGER: I know who he is -- who you mean.

6 MR. WHITEHEAD: Brian will know, again. Lou was effectively running
7 the television industry in the 1950's.

8 MR. EGER: Yeah.

9 MR. WHITEHEAD: He was a very powerful guy. And the cable operators
10 had become tremendously -- I keep saying that -- the TV producers --
11 Hollywood -- people who made the movies had become tremendously powerful.

12 And so, we realized that we weren't going to resolve the cable
13 business. We weren't going to have a vibrant cable TV industry unless we
14 had a resolution of the copyright issue because the Hollywood crowd
15 controlled the copyrights. Lou Wasserman owned copyrights for all of the TV
16 news that was produced.

17 And so what we needed to do was to have the Hollywood producers and
18 the cable operators together to sort out who was going to own the copyrights
19 and who wasn't. And so that's why Valenti was there as a representative of
20 the Hollywood producers.

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: That's why other people from the cable industry were
23 there. That's why people from the motion picture industry were there.

1 MR. EGER: Well, I remember --

2 MR. WHITEHEAD: The cable industry--

3 MR. EGER: -- Dean Burch saying, "I can't do anything about this. I
4 wish --" He was really on your side. He was saying, "You know, I hope some
5 decisions come out of this, because otherwise cable is stuck."

6 MR. WHITEHEAD: Right.

7 MR. EGER: It was really one of those things -- there wasn't anybody
8 whose sole job it was to force a compromise. So, this is an area where you
9 got into -- I don't know how long it took -- but it was a lot of negotiation
10 because clearly, you know, people were looking to see who you were
11 supporting. Are you a cable guy? Are you a network guy? Are you a program
12 guy? Are you a...? And you have to be holier than thou and you personally, I
13 guess, held most of those meetings.

14 MR. WHITEHEAD: Well, it was me and Nino.

15 MR. EGER: And Nino. Okay. That's right.

16 MR. WHITEHEAD: I assigned a lot of the day-to-day negotiating to
17 Nino.

18 MR. EGER: Okay. How long did it take because I...

19 MR. WHITEHEAD: It took several months.

20 MR. EGER: Months, several months. Yeah. I think I attended one
21 meeting in the Roosevelt room.

22 MR. WHITEHEAD: It was a long protracted negotiation.

23 MR. EGER: Yeah.

1 MR. WHITEHEAD: I was called up to meet with Senator Eastland.

2 Remember him?

3 MR. EGER: Yeah, I do.

4 MR. WHITEHEAD: He was the Chairman of the Senate Judiciary Committee,
5 and he said -- he said, "Nice to meet you." You know how these southern
6 senators are, very cool. "Very nice to meet you, and happy to have you
7 here, and I've been reading about what you've been doing in the cable
8 copyright business." Pulls a little card out of his pocket and says, "I
9 thought you'd like to read this."

10 And it was the clause from the First Amendment to the Constitution
11 which provides that Congress shall be responsible for all copyrights. And
12 he said, "Are we clear on that?" And I said, "Yes, sir, Mr. Chairman." He
13 said, "Okay. Thanks for coming up."

14 MR. EGER: Wow.

15 MR. WHITEHEAD: In other words. "I'm the guy. I'm happy to see you.
16 Beat your little heart out, but before you do anything, you're going to come
17 see me, people are going to come see me, and we're going to work it out."

18 MR. EGER: Wow. And did you --

19 MR. WHITEHEAD: And he was not ugly about it.

20 MR. EGER: Yeah.

21 MR. WHITEHEAD: It was just, "Happy to have you beating your head out
22 against this."

23 MR. EGER: Yeah. I love that story. I love that story. And when the

1 compromise was laid out with the positions of... Did people sign it?

2 MR. WHITEHEAD: You know, I don't remember.

3 MR. EGER: But you took it up to Eastland? That this is what...

4 MR. WHITEHEAD: I think I took it up to Eastland. I think so.

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: But it was something that he saw that everybody
7 advocated. So, since everybody advocated it, he was happy with it.

8 MR. EGER: I love that. I love it.

9 MR. WHITEHEAD: So, that's the way the world... the way the Congress
10 works, right?

11 MR. EGER: Yeah.

12 MS. BURGESS: While we're on this topic -- excuse me, Tom. I wonder
13 was this cable compromise at all complicated by the fact that Nixon came
14 from California?

15 MR. WHITEHEAD: No.

16 MS. BURGESS: No. Okay.

17 MR. WHITEHEAD: It didn't have anything to do with it.

18 MS. BURGESS: Because I thought maybe he had supporters in Hollywood
19 that might -- he might have felt more sensitive to.

20 MR. WHITEHEAD: No.

21 MS. BURGESS: No. Okay.

22 MR. WHITEHEAD: Not that I recall.

23 MR. EGER: Yeah. Tom, I don't want to get in trouble with Margaret.

1 I don't want to also open up a whole new area. But there are three other
2 things I'd like to talk about it.

3 MR. WHITEHEAD: Before we leave this.

4 MR. EGER: Yeah?

5 MR. WHITEHEAD: This business of cable copyright is much more
6 important than most people realize.

7 MR. EGER: I never see it. I never -- I tried to Google it. It's not
8 there. I can't find people who remember it. There must be a document
9 around somewhere that can be reprinted.

10 MR. WHITEHEAD: There ought to be a document. Nino probably remembers
11 some of it.

12 MR. EGER: Well, it's a whole chapter.

13 MR. WHITEHEAD: It might be -- some of it might be in Nino's papers.

14 MR. EGER: Maybe Nino's?

15 MR. WHITEHEAD: Nino Has offered to give me his papers but I never
16 followed up on it.

17 MR. EGER: Well, we'll try and get it.

18 MS. BURGESS: Absolutely.

19 MR. EGER: Because you're right. It is a very important --

20 MR. WHITEHEAD: I should call Nino and tell him that I want this.

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: And get him to send me over a copy of those papers or
23 something. And I imagine we can get one of his clerks to do that for us.

1 MS. BURGESS: That would be great.

2 MR. WHITEHEAD: Susan, if you would remind me to do that.

3 MS. BURGESS: Okay.

4 MR. EGER: Well, there were -- I'm trying to think things through
5 around three or four major themes. One of them was Open Skies. I mean,
6 that's clearly the centerpiece.

7 MR. WHITEHEAD: It's the centerpiece in ways that people don't ever
8 recognize.

9 MR. EGER: I didn't either to be honest with you.

10 MR. WHITEHEAD: Because it's creating a deregulatory structure for
11 telecom, for data communications, for the television industry. The one
12 thing it doesn't touch in the television industry is the cable compromise.

13 MR. EGER: Well, the cable compromise is the second major effort on
14 your part -- and OTP's.

15 MR. WHITEHEAD: I don't know that -- I don't know that that fits under
16 Open Skies.

17 MR. EGER: You know it doesn't' except this way --

18 MR. WHITEHEAD: But it was --

19 MR. EGER: -- I see Open Skies as a separate chapter but had you not
20 created a whole new industry for cable and you just left it there, they were
21 stuck.

22 MR. WHITEHEAD: They were.

23 MR. EGER: Cable wouldn't have developed without the Compromise.

1 MR. WHITEHEAD: What we were trying to promote was cable and cable as
2 an alternative to the TV networks -- to the monopoly of the TV networks.

3 MR. EGER: Right.

4 MR. WHITEHEAD: And cable as -- excuse me -- and Open Skies, slash,
5 the Specialized Common Carriers as an alternative to the TV networks so that
6 we could have a deregulatory -- a competitive telecommunications system and
7 a competitive TV system in the United States. That's what we were trying --
8 and we used to sit around talking about it. Your TV will be like the
9 magazine stand or the newspaper at the grocery store. There will be
10 hundreds of channels that you can draw on. And you'll have lots of
11 communications carriers not just long distance which everybody gloms on to.
12 But you'll be able to choose your own telephone long distance carrier, your
13 own whatchamacallit.

14 MR. EGER: Right.

15 MR. WHITEHEAD: And it was really kind of amazing, because nobody
16 really wanted it - except the consumer.

17 MR. EGER: Whoever they are. Who are they?

18 MR. WHITEHEAD: Those crazy people. That's what it was all about.

19 MR. EGER: Yeah. Well, so --

20 MR. WHITEHEAD: I think of it --

21 MR. EGER: I think it's fascinating.

22 MR. WHITEHEAD: I think of it as a freedom.

23 MR. EGER: Yeah.

1 MR. WHITEHEAD: People should have been free. There was no reason
2 people -- there's no good reason people weren't free to have the kind of
3 telecommunications choices that they wanted.

4 MR. EGER: Yeah.

5 MR. WHITEHEAD: There was no good reason for it.

6 MR. EGER: Yeah.

7 MR. WHITEHEAD: And so what we were trying to do was to make that
8 possible.

9 MR. EGER: Yeah.

10 MR. WHITEHEAD: But particularly -- I think the most important part --
11 was the freedom of choice in programming. I think we -- at the time we saw
12 the domestic satellite stuff as being... the TV part of it as being the most
13 important.

14 MR. EGER: Are we going to have a chance to get together again?

15 MR. WHITEHEAD: I'm available tomorrow and the next day. We're here
16 for three days.

17 MR. EGER: Three days. Susan and I have a lot to do. Susan, remind
18 me. I think we ought to talk about privacy, the breakup of AT&T and then
19 something that --

20 MR. WHITEHEAD: Remember: "I've never been a mother."

21 MR. EGER: You've never been a what?

22 MR. WHITEHEAD: "I've never been a mother."

23 MR. EGER: Yeah.

1 MR. WHITEHEAD: That's one of the little stories.

2 MR. EGER: We've got to talk about that. The last thing is really
3 that you put in place -- you talk about a model or framework for decision
4 making. You left and I inherited a lot of privacy disputes. And along --
5 which came together at various points. The KGB was listening in and
6 suddenly the Defense Department wanted to shut everything down and AT&T was
7 saying to the courts, "They're right. We have to have a separate network.
8 And by the way if you keep pressing this breakup, we won't have a
9 relationship to do for the intelligence agencies what we've done for 40
10 years."

11 So, they wanted to undo -- they wanted the -- the FCC. No more no
12 more wireless, no more satellites, no more -- I mean, there was always
13 somebody trying to close the door on what I call the Open Skies philosophy.

14 MR. WHITEHEAD: Right.

15 MR. EGER: And I wanted to -- I wanted to get your thoughts about all
16 of that -- all of those disputes that you started but sort of left there.
17 But we can do that, privacy, breakup of AT&T, what else?

18 MS. BURGESS: I think that's pretty much it.

19 MR. EGER: Think that's pretty much it?

20 MS. BURGESS: Did you want to talk about the Ford transition a little
21 more?

22 MR. EGER: The Ford...

23 MS. BURGESS: The Ford transition a little more?

1 MR. EGER: You know, it really doesn't fit. I'd love to. A lot of
2 this is in final days.

3 MR. WHITEHEAD: It doesn't fit.

4 MS. BURGESS: I'm sorry. I should say I meant that if we're going to
5 put this on the Web site, then we could save it for the last thing --

6 MR. WHITEHEAD: For having John here, I think we just stick to the
7 OTP.

8 MS. BURGESS: Okay. Okay.

9 MR. EGER: I only knew I was in the office next door. I really didn't
10 know kind of where Tom was. I'd say to Eva, "Where is Tom or Judy Martin?
11 Where is Tom?" "I don't know, he's off working on something." "Well, this
12 was his book on the transition."

13 MR. WHITEHEAD: Well -- oh is that when that was?

14 MR. EGER: Yeah. It was like in July of '74.

15 MR. WHITEHEAD: Oh.

16 MR. EGER: I'd hear from Brian who was talking to somebody that, you
17 know, this President is gone, this President is gone. And the question was,
18 okay, if he goes, what's going to happen and you and Phil Buchen, I think,
19 were meeting, talking about these things.

20 MR. WHITEHEAD: Right.

21 MR. EGER: But I don't know anymore. What I --

22 MR. WHITEHEAD: I remember the day I walked into the office. I didn't
23 learn about the resignation until -- I think it was a day and a half, two

1 days max -- ahead of time.

2 MR. EGER: You were the person to hear about it, though.

3 MR. WHITEHEAD: I was number three, I think, to hear about it. But we
4 had sub-let our house and I was -- Margaret had driven to Kansas City and I
5 was planning to fly to Kansas City to meet her. She had already driven out
6 there.

7 MR. EGER: Yeah.

8 MR. WHITEHEAD: I was going to fly to Kansas City to meet her and we
9 were going to go camping in the Rockies. And so she had all my clothes. I
10 had a pair of jeans and cowboy boots and I get this call in the middle of
11 the night from Phil Buchen saying, "I just got a call from Jerry, and the
12 President is resigning in 42 hours or something like that."

13 MR. EGER: Wow.

14 MR. WHITEHEAD: So, everybody knew that I was going to be gone. I
15 walked into the office and Henry [Kissinger] saw me in my jeans and boots
16 and said, "I thought you were gone." I said, "Well, you know. I got tied
17 up for a little while." And so he bought that. Then the next thing he
18 notices is that Bill Scranton walks into my office. And so he's a little
19 concerned about what that all means and he said, "What was that all about?"
20 I said, "Oh, he was in town and we decided to talk."

21 And he more or less bought that. And somebody else -- three or four
22 other people walked in and Henry came in afterwards and says, "What is going
23 on here? What is going on here? Something is going on here." I said,

1 "Well, Henry, I really can't talk."

2 MR. EGER: I remember calling in. I was out of town. I called in.
3 It was August 3rd and I was going to -- I don't know if we had voicemail
4 then. Did we?

5 MR. WHITEHEAD: No, I don't think so.

6 MR. EGER: I don't know why I was calling. I was just calling, and I
7 was waiting for somebody to pick up. It was late. It was 7:00 or 8:00 at
8 night, and you picked up. And I said, "Tom? What are you doing there?"
9 And you just said, "Tomorrow the President is going to resign." Phew.

10 MR. WHITEHEAD: Yeah.

11 MR. EGER: Yeah.

12 MR. WHITEHEAD: There you go.

13 MR. EGER: Yeah. Lord. And there it was.

14 MR. WHITEHEAD: So, what have we covered and what have we not covered?

15 MR. EGER: We covered a lot of time.

16 MR. WHITEHEAD: One of the things I wanted to say, Susan, is that I
17 think John's time ought to be spent on the book, but I think I'd like sooner
18 rather than later for you and Brian and if you can, Henry -- he's real busy
19 these days -- I'd like to see us focus on the overall outline for the book.
20 It's around here somewhere. You've got it I hope. Deal with that and fit
21 that into what we're doing here. We do need to do privacy because OTP
22 doesn't get any credit for the privacy.

23 MR. EGER: No. Well, as a matter of fact, OTP didn't get much credit

1 for anything.

2 MR. WHITEHEAD: That's true.

3 MR. EGER: And part of that -- in all fairness -- has to be because --
4 I keep calling this the greatest policies ever made by stealth. A lot of
5 what you did was just beneath the radar.

6 MR. WHITEHEAD: Right.

7 MR. EGER: And you used *The New York Times* and congressional hearings.
8 You were getting beat up by the Colsons and the Ehrlichmans, and you're
9 putting out policies, and you're making things happen.

10 MR. WHITEHEAD: Right.

11 MR. EGER: And a lot of times, you know, you can get a lot done and
12 let other people take the credit. And they did. A lot of them took the
13 credit. Justice took the credit for breaking up OTP. The FCC took the
14 credit for --

15 MS. BURGESS: AT&T.

16 MR. EGER: AT&T. You know, the FCC got the credit for Open Skies. I
17 mean, Eastland is saying to you, "Hey, remember I'm in charge of copyright."
18 And you were always very easy about letting other people take credit.

19 MR. WHITEHEAD: Right.

20 MR. EGER: And in some ways I think it was wise, because if you got in
21 a turf battle it might not have been --

22 MR. WHITEHEAD: I would have gotten beaten up.

23 MR. EGER: -- successful. But I think it's time to tell the story

1 [INAUDIBLE], quite frankly. You were there at the creation.

2 MR. WHITEHEAD: Well, we created a lot of it.

3 MR. EGER: Yeah.

4 MRS. WHITEHEAD: Where did you go in --

5 MR. EGER: '73.

6 MRS. WHITEHEAD: '73.

7 MR. EGER: It took me six months to get Pastore to agree to confirm me
8 because they thought that you were pulling something.

9 MRS. WHITEHEAD: Right.

10 MR. EGER: A fast one.

11 MRS. WHITEHEAD: Tom, can you answer a question for me for the
12 record, which is: What is it -- you made a big point of assuming your
13 doctoral title to give yourself more legitimacy. And as I recall you did
14 that because you were younger than you would like to have been to have been
15 confirmed by the Senate.

16 But you did it to give yourself a certain gravitas in dealing with
17 these issues. But that said, I wonder what it is about your education and
18 your preparation that allowed you to do what you did and how do you see
19 that? You've told me this many times and I can tell it but it would be
20 better if it came from you.

21 MR. WHITEHEAD: I think not much frankly. I had --

22 MRS. WHITEHEAD: Your academic preparation.

23 MR. WHITEHEAD: I think it was the fact that I'd had so much

1 macroeconomics training, which was useful, and that was very useful. I had
2 some public policy experience at RAND, which was useful. I think it was
3 that I felt comfortable dealing with a lot of different subject matters --

4 MRS. WHITEHEAD: Because of...

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: I don't know "because of."

7 MRS. WHITEHEAD: May I recite... I'll recite this. Do you have
8 something else, Tom?

9 MR. WHITEHEAD: I think it was -- I could deal with public policy. I
10 could deal with economics. And that was mostly that.

11 MRS. WHITEHEAD: How did Bill Kaufman -- what did he contribute to
12 this?

13 MR. WHITEHEAD: Those two things.

14 MRS. WHITEHEAD: Public policy and economics? Okay. Let me recite
15 for the record what you have told me many times in past years. Because you
16 had a degree in electrical engineering at MIT --

17 MR. WHITEHEAD: That was important.

18 MRS. WHITEHEAD: And because you had --

19 MR. WHITEHEAD: Because OTP -- because communications was what we were
20 dealing with.

21 MRS. WHITEHEAD: Right. Even though you didn't say so, you graduated
22 in the top 5 percent of your class and because you stayed on after you had
23 your PhD in management or you hadn't received the PhD but you basically

1 earned it, you stayed around and hung around --

2 MR. WHITEHEAD: PhD in electrical engineering.

3 MRS. WHITEHEAD: Electrical engineering -- well, no. You had a PhD in
4 management.

5 MR. WHITEHEAD: I had a Ph.D. in -- I was working on a Ph.D. in
6 electrical engineering.

7 MRS. WHITEHEAD: But you received your Ph.D. in management.

8 MR. WHITEHEAD: Later. That was my original program, yes.

9 MRS. WHITEHEAD: Because you changed -- did you change fields, then?

10 MR. WHITEHEAD: Yes.

11 MRS. WHITEHEAD: You changed from pursuing a Ph.D. in electrical
12 engineering --

13 MR. WHITEHEAD: I changed.

14 MRS. WHITEHEAD: Yes. So, you really had a Master's degree in
15 electrical engineering; isn't that correct?

16 MR. WHITEHEAD: That's correct.

17 MRS. WHITEHEAD: That's correct. So, then you got -- you switched
18 horses and you got your Ph.D. in management.

19 MR. WHITEHEAD: That's correct.

20 MRS. WHITEHEAD: Okay. But then, in addition to that, the big joke
21 about you at MIT, you said, was that you hung around there and you took lots
22 of courses in economics and you had -- almost had -- and this story varies
23 the year we talked about it -- you almost had your ABD in economics.

1 MR. EGER: Uhuh.

2 MRS. WHITEHEAD: In addition to that.

3 MR. WHITEHEAD: I would say I had my ABD in micro.

4 MRS. WHITEHEAD: Microeconomics.

5 MR. WHITEHEAD: But not macro.

6 MRS. WHITEHEAD: Right. You had your ABD and all but dissertation in
7 microeconomics. So, you have told me in the past that this particular
8 configuration of studies prepared you to deal with public policy. That you
9 also felt a kind of pattern recognition on many different levels that
10 allowed you to evaluate situations and public policy -- and relating to
11 public policy -- that maybe other people couldn't because of your peculiar
12 and singular preparation and just for the record -- the joke about Tom at
13 MIT was he was about to get a Ph.D. in microeconomics and somebody reminded
14 him -- he loved the school -- and somebody reminded him that it was time to
15 go, that he had finished, that he had gotten his Ph.D. already and he didn't
16 need another one. And he didn't realize -- he was enjoying the classes so
17 much -- he didn't realize he had gotten an ABD in microeconomics. So there
18 were all of these various streams in his preparation that allowed him to do
19 what he did. And he's told me this many times because I'm always asking
20 him.

21 MR. EGER: It's fascinating that people -- we bring -- academia is
22 full of silos.

23 MRS. WHITEHEAD: Right.

1 MR. EGER: And there are many people who can't get jobs in this new
2 economy. And there have been a lot of meetings about what should people be
3 saying. Well, nobody has come up with the answer yet. But we know it is
4 transdisciplinary. What we need to do is try to get people so they can see
5 the connections between things.

6 MRS. WHITEHEAD: But they can't.

7 MR. EGER: But you did that without maybe knowing it but what you were
8 studying allowed you to make connections so you saw things -- I love the
9 term pattern recognition -- you saw patterns while other people didn't see
10 them.

11 MRS. WHITEHEAD: He did. And he said he did and that's one of the
12 things that I've heard him say...

13 MR. WHITEHEAD: That was because of my work at RAND where I dealt with
14 a lot of different subjects. I dealt with a lot of different things.

15 I need to go.

16 MRS. WHITEHEAD: Okay.

17 MR. EGER: So, that was in the '80s. So, would that have been in the
18 Reagan years or...?

19 MR. WHITEHEAD: It would have been the Reagan years or something. You
20 can look it up.

21 MR. EGER: We can look it up. Yogi Berra said that, "You can look it
22 up."

23 MR. WHITEHEAD: All right. I'll see you guys tomorrow.

1 [Audio lacking Tom Whitehead dialogue omitted.]

2 End Day One

3

1 Day Two

2 MR. EGER: Clearly Open Skies is first, second, and third. It's
3 the framework for everything. OTP comes second, almost a separate chapter
4 frankly. Thirdly is the whole development of the cable industry, how fast
5 it grew. I want to include a discussion -- I want to talk today a bit more
6 about the Compromise and the cabinet-cable that you formed?

7 MR. WHITEHEAD: The cabinet committee report, you need to talk to
8 Henry about.

9 MR. EGER: Really? Okay.

10 MR. WHITEHEAD: In many ways it was the foundation of the cable
11 compromise and everything else.

12 MR. EGER: Oh, it was. So, the cabinet committee fed the cable
13 compromise. Okay. And we need to get a copy of that.

14 MR. WHITEHEAD: We have a copy here if you want it.

15 MR. EGER: Okay.

16 MR. WHITEHEAD: Susan, do you --

17 MS. BURGESS: Do you want one right now?

18 MR. EGER: No.

19 MS. BURGESS: Okay. Yeah.

20 MR. EGER: I want to try and get as much done with you these three
21 days and get the first chapter written.

22 MR. WHITEHEAD: Right.

23 MR. EGER: Which could be a stand-alone piece. In fact, we've

1 actually talked about maybe trying to get it published as a separate piece
2 and that would also spur interest in what comes to follow. The Open Skies'
3 effort itself is worthy of that kind of treatment and tomorrow, hopefully,
4 we'd like to review for you what we think will be the elements of that first
5 chapter. And if you agree, I think we can write this within the next week
6 or two.

7 MS. BURGESS: That's right.

8 MR. EGER: Yeah. And then give it to Brian and Henry or whoever else
9 you say. But having done the first chapter, I think everything else will
10 flow from that and what we have tentatively -- and these can all be changed
11 -- and we can put these in writing.

12 After cable is really the whole section or a discussion of what
13 happened in broadcasting. There were of course drop ins, there were other
14 things that happened with the cable. The television industry. But the
15 television industry was dramatically changed by what happened. It was
16 always trying to catch up and down to including a book that was written
17 about the "three blind mice." That the networks were gone.

18 MR. WHITEHEAD: Who wrote that?

19 MR. EGER: Ken Auletta.

20 MR. WHITEHEAD: Yeah.

21 MR. EGER: But now there's hundreds of networks so the very word
22 network has lost its meaning. I mean, if you're ABC and CBS, I guess you
23 still think you're the network, but the fact is they're not anymore.

1 MR. WHITEHEAD: Well, we always thought of the new networks as the
2 networks like HBO was new network. CNN was a new network. So what we
3 thought we were doing was proliferating networks.

4 MR. EGER: Okay. That's a good point to make. Good.

5 MR. WHITEHEAD: And by proliferating networks, we were creating the
6 competition that we were after.

7 MR. EGER: Fabulous, that's good. Yeah, that's good. Well, then we
8 were going to talk in terms of chapters. Privacy deserves a whole chapter
9 in itself.

10 MR. WHITEHEAD: Right.

11 MR. EGER: Not only the Privacy Protection Study Commission, which you
12 and Buchen created but all the things that came from that.

13 MR. WHITEHEAD: There's no documentation that we have that the Privacy
14 Protection Commission came from OTP.

15 MR. EGER: I don't know why --

16 MS. BURGESS: Tom, actually -- let me interrupt you. I -- the boxes
17 that we found subsequent to all the documents I thought we had, I think
18 include information about your privacy initiative.

19 MR. WHITEHEAD: Oh. Okay.

20 MS. BURGESS: And they're all shipped out for scanning, and I expect
21 them to be back within three weeks. But a lot of material that you thought
22 existed that I just could never find were in boxes that I didn't know about.

23 MR. EGER: Yeah. Then I don't know whether you want to include it but

1 we inherited -- because you did the privacy laws and the sensitivity -- we
2 inherited this view -- I think it started during your time with the FBI over
3 "endlets(?)"?

4 MR. WHITEHEAD: Yes.

5 MR. EGER: Okay. Do you remember the --

6 MR. WHITEHEAD: Vaguely, now that you mention it, yeah.

7 MR. EGER: And then there was also this Federal Reserve proposal to
8 create kind of a clearinghouse for ATM transactions, and it's because the
9 Federal Reserve wanted to have a better control over the money supply.

10 MR. WHITEHEAD: You're right.

11 MR. EGER: And then it was started -- then it came to a big squabble
12 because what's his name, Burns. Burns. Who was the chairman...

13 MRS. WHITEHEAD: Arthur.

14 MR. EGER: Arthur Burns.

15 MR. WHITEHEAD: Arthur Burns.

16 MR. EGER: He didn't like OTP at all. He was complaining.

17 MR. WHITEHEAD: Most people were.

18 MR. EGER: We had a lot of people that complained. Larry Silverman
19 complained about the "endlets" letters.

20 MR. WHITEHEAD: What was he doing at the time?

21 MR. EGER: Well, he was --

22 MR. WHITEHEAD: He was at Justice.

23 MR. EGER: Yeah, the Attorney General working for Saxby.

1 MR. WHITEHEAD: What was he annoyed about.

2 MR. EGER: Pardon me?

3 MR. WHITEHEAD: What was he annoyed about?

4 MR. EGER: The letters we were sending to the FBI.

5 MR. WHITEHEAD: Oh, yeah.

6 MR. EGER: About "endlets." OTP didn't think that the FBI should be
7 secretly monitoring the state transactions and all but they were doing it,
8 allegedly. A guy named McMahon who worked for you. Doug McMahon (ph). He
9 worked for Charlie Joyce. He said that --

10 MR. WHITEHEAD: You need to go talk to Charlie.

11 MR. EGER: Yeah. We'll have to talk to Charlie.

12 MR. WHITEHEAD: Charlie is here in town.

13 MR. EGER: Oh, is he really? Okay.

14 MR. WHITEHEAD: Of course, the last I heard he was working at what's
15 that Think Tank?

16 MRS. WHITEHEAD: (INAUDIBLE).

17 MR. WHITEHEAD: Oh, gosh.

18 MRS. WHITEHEAD: The Center for Economic Policy.

19 MR. WHITEHEAD: No.

20 MRS. WHITEHEAD: Joyce?

21 MR. EGER: Charlie Joyce. I've lost track --

22 MR. WHITEHEAD: It's not one of the -- it's one of those Defense
23 things.

1 MRS. WHITEHEAD: Oh.

2 MR. EGER: Oh, is that. Well --

3 MRS. WHITEHEAD: I guess.

4 MR. WHITEHEAD: And he's up at the Hill.

5 MR. EGER: He will know and he will know because Joyce was the one who
6 pointed out that what the FBI was trying to do and he conjured up the
7 concept of a police state was if it was a two-state offender then the FBI
8 had jurisdiction. So, if the FBI listened in through the "endlets," all the
9 "endlets" conversations then it was, let's say, criminal -- somebody wants
10 to know about somebody in Virginia, but then the guy crosses the line into
11 Maryland and Maryland has a problem with this guy. The FBI says, "Oh, boy.
12 It's a two-state offender. It's ours. It's our jurisdiction."

13 MR. WHITEHEAD: Right.

14 MR. EGER: Anyway, and then, of course, we've got the KGB thing where
15 they listened in to all the stuff.

16 MR. WHITEHEAD: Right.

17 MR. EGER: The KGB used a microwave and building and renting
18 apartments on the northeast corridor from Washington to New York. And, of
19 course, what happened, and I do think you'd left by this time, was the
20 Defense Department wanted to create a secure voice network and they actually
21 were talking about asking the President why -- I don't know how they were
22 thinking of this. Colson seemed to know more at the time. They were
23 saying, "We want the FCC to put a hold on all licenses for satellites,

1 microwave because the Soviet reaction." Well, this would have undermined of
2 course the competition policy.

3 MR. WHITEHEAD: Right.

4 MR. EGER: They were also -- and I don't know about this personally --
5 they also went to the judge, the antitrust suit had started -- we're going
6 to talk about that today -- and gone to the judge and camera behind the
7 closed doors and said look, "We've been helping the defense department for
8 many years in ways that we can't talk about. But if you pursue this
9 antitrust suit, you're going to jeopardize for all time our ability to
10 monitor calls and distribute information to intelligence agencies." So,
11 that was another part of the debate.

12 MR. WHITEHEAD: Do you know when that was?

13 MR. EGER: It had to be about '74; '75 at the latest.

14 MR. WHITEHEAD: Find out when Jim Schlesinger was Secretary of
15 Defense. Jim -- I saw Jim at some social occasion and the subject of George
16 Schultz came up. George -- I know he bumped into George and somehow we were
17 talking about him. And I told him the story of -- we'll get into this later
18 -- story of George calling me and provoking me into supporting the breakup
19 of AT&T. And Jim, in all seriousness, said, "You're the guy that did that?"
20 He said, "I'm going to tell George. George will be so pissed to know that
21 he had something to do with the breakup of AT&T."

22 MR. EGER: Wow.

23 MRS. WHITEHEAD: Tom, can you tell the story because it's an important

1 story.

2 MR. EGER: Yeah. The story is important.

3 MR. WHITEHEAD: We'll get to that later when we talk about the
4 breakup.

5 MR. EGER: Okay. Yeah, by the way, well, let me finish the chapters.
6 The Nixon-Ford transition and you said yesterday you want Henry and Brian to
7 go over that with you but Susan and I both think this is worth a separate
8 chapter.

9 MR. WHITEHEAD: Definitely.

10 MR. EGER: I think you --

11 MR. WHITEHEAD: Although it's really not OTP.

12 MR. EGER: It isn't but I think it's -- the book -- I think the book
13 is more you. I know you --

14 MR. WHITEHEAD: I think of it more as telecommunications but I -- we
15 can do it.

16 MR. EGER: Well, let's do it -- even if -- because you know the Web
17 site is being created.

18 MR. WHITEHEAD: Right.

19 MR. EGER: And I think it's worth putting on the Web site as a
20 separate button you click on.

21 MR. WHITEHEAD: Oh, yeah.

22 MR. EGER: Whether or not you put it in the book or not, it's such an
23 important role that you played. Likewise, this would go to I think a

1 chapter on your whole Hughes experience at the Galaxy.

2 MR. WHITEHEAD: I guess part of that fits.

3 MR. EGER: Because this is a part that fits. I think Luxembourg --

4 MR. WHITEHEAD: Luxembourg fits.

5 MR. EGER: Okay. Lastly is the mobile revolution that's come.

6 MR. WHITEHEAD: That's right.

7 MR. EGER: And the Internet. And I think that kind of rounds out in

8 ten -- ten, eleven --

9 MR. WHITEHEAD: Now, did OTP have much to do with the mobile

10 revolution?

11 MR. EGER: No, not really.

12 MR. WHITEHEAD: I remember we were -- we joined Motorola -

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: -- in fighting AT&T about cellular phones.

15 MR. EGER: They used spectrum. You did give up a lot of spectrum over

16 the years, from the government to the commercial sector.

17 MR. WHITEHEAD: And that guy Travis Marshall.

18 MR. EGER: Yes. Travis --

19 MR. WHITEHEAD: Travis is still around.

20 MR. EGER: Okay. Well let's talk to him because other than --

21 MR. WHITEHEAD: He was a loyal soldier for Motorola and cell phones.

22 MR. EGER: Yeah.

23 MR. WHITEHEAD: And that needs to be dug into.

1 MR. EGER: Just to round out the book also I think the fact that you
2 gave -- when you were director -- so many frequencies to allow a lot of
3 these new services to be created. And the support of these initiatives is
4 in itself worthy of mention.

5 MR. WHITEHEAD: Well, spectrum has policy. So it's worth it.

6 MR. EGER: Okay. All right. Susan, here's what we want to try to do
7 today.

8 MRS. WHITEHEAD: Are we picking up John's voice okay?

9 MS. BURGESS: Yeah.

10 MR. EGER: I'm sorry. We've been practicing so she can hear me.

11 MRS. WHITEHEAD: No problem.

12 MR. EGER: She has special tuners. We want to talk about the cable
13 thing and who was on it and how you got to the compromise. We want to talk
14 to about the AT&T breakup, including discussion of specialized common
15 carriers. We want to talk about privacy, and, if we have time, I think
16 public broadcasting, which we're not sure should be part of this book or
17 separate. Kind of like the Ford transition. Public broadcasting -- forgive
18 me for saying this -- it was kind of like it was foisted on you. It wasn't
19 really -- because of Jim Kelly and the Rostow report -- and though it really
20 fit in the scheme of things but you had to do something with it.

21 MR. WHITEHEAD: I think it fits as much as a lot of other things. I
22 think it's got to be there.

23 MR. EGER: Okay. All right.

1 MR. WHITEHEAD: And it's the thing that most of the media people
2 remember about me.

3 MR. EGER: Well, I know. I know, I think --

4 MR. WHITEHEAD: So, if I don't get my two cents --

5 MR. EGER: I think they resent, they resent what you did --

6 MR. WHITEHEAD: Of course they did.

7 MR. EGER: -- because you very cleverly carved out something.

8 MR. WHITEHEAD: But what we did was significant --

9 MR. EGER: Yeah.

10 MR. WHITEHEAD: -- because the goal of promoting a competitive
11 television industry, which to us meant multiple television channels so the
12 people could --

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: -- look for a channel was directly contrary to what
15 CPB wanted.

16 MR. EGER: Yeah.

17 MR. WHITEHEAD: CPB was conceived as a fourth network and I remember
18 Jim Killian and -- what's his name?

19 MR. EGER: Loomis. No, Ralph Rogers.

20 MR. WHITEHEAD: No, before them.

21 MR. EGER: Okay. I know who you mean.

22 MR. WHITEHEAD: Mac Bundy.

23 MR. EGER: Okay.

1 MR. WHITEHEAD: Jim Killian and Mac Bundy came in to me and --

2 MR. EGER: Pretty impressive guys.

3 MR. WHITEHEAD: Yeah. And Jim Killian didn't quite know what was
4 happening politically, but Mac Bundy did.

5 MR. EGER: Yeah, he did.

6 MR. WHITEHEAD: And the two of them made the pitch that we had to put
7 300 million dollars in the federal budget, which back then was a lot of
8 money.

9 MR. EGER: Yeah.

10 MR. WHITEHEAD: And the money was going to go in there to create a
11 fourth network for the United States. And I had another one of those -- oh
12 gosh -- See? I'm cleaning it up, I'm cleaning it up for you.

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: Oh-my-gosh moments. And I said if we spend 300
15 million dollars of federal money on a federal network, --

16 MR. EGER: Yeah, yeah.

17 MR. WHITEHEAD: -- number one, we're going to underline the idea of
18 competitive networks because everyone was going to support that one.

19 MR. EGER: Oh, yeah.

20 MR. WHITEHEAD: And secondly, the federal government would be funded
21 and in total control.

22 MR. EGER: Yeah.

23 MR. WHITEHEAD: So you'd have every congressman, every senator coming

1 in and pressing their own -- and every federal agency -- pressing for their
2 own programming. You'd have the FBI pushing its programs. You'd have the
3 Commerce Department pushing its programs. You'd have States pushing theirs.
4 You have Pastore pushing his. And so you have a federally -- and then we
5 get to the news, which of course this network was going to carry a lot of.

6 MR. EGER: Really.

7 MR. WHITEHEAD: Then you'd have the federal government pushing for its
8 version of the news.

9 MR. EGER: Yeah, of course.

10 MR. WHITEHEAD: So, because this network would be the only -- it
11 wouldn't be the only but it would be the fourth big network. So I said, for
12 those two reasons -- one for federal funding and, two, federal influence --
13 that we just can't have this. We can't have it."

14 MR. EGER: Right. I remember. Just --

15 MR. WHITEHEAD: Excuse me. The two reasons were federal influence and
16 the denial and the damage it would do to competitive elements.

17 MR. EGER: Yeah. You did get them after much negotiation with them to
18 accept --

19 MR. WHITEHEAD: A much lower number.

20 MR. EGER: -- a much lower number.

21 MR. WHITEHEAD: The number we ended up with was 30 million.

22 MR. EGER: And was that the matching formula.

23 MR. WHITEHEAD: No. That was just a -- that was a temporary funding

1 amount to carry them over for Congressional hearings. We talked about what
2 CPB really meant. It was a -- the transition amount for them. That's the
3 reason they bought it, was because it gave them quite a bit of money --

4 MR. EGER: Yeah.

5 MR. WHITEHEAD: -- to think about what CPB ought to be. So, they
6 could accept it not as the 300 million but as kind of a study amount that
7 would lead to the 300 million in their mind.

8 MR. EGER: Ahhh. Okay. Was there --

9 MR. WHITEHEAD: Our objective was to keep it as low as possible.

10 MR. EGER: Where did the prohibition against them doing "news"
11 programming factor into?

12 MR. WHITEHEAD: I don't remember.

13 MR. EGER: Because they were -- for a long time, at least they
14 thought, as I recall, that they were prohibited from using any of the
15 federal money for program use or news programming

16 MR. WHITEHEAD: Oh, okay. You're talking about my proposal.

17 MR. EGER: Yeah.

18 MR. WHITEHEAD: And nobody liked that. I proposed that if we were
19 going to fund public television that none of the money be used for news.
20 That was in a speech or a -- probably a speech.

21 MR. EGER: Okay. We'll get the speech.

22 MR. WHITEHEAD: Or in congressional testimony. And that created a
23 firestorm --

1 MR. EGER: Oh, yeah.

2 MR. WHITEHEAD: -- because the media community didn't want to accept
3 any restrictions and CPB didn't want it. They wanted to be a full-fledged
4 network.

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: So, there was no -- they didn't want any restrictions
7 on what they were doing. So, that was my proposal.

8 MR. EGER: It stated somehow --

9 MR. WHITEHEAD: Nothing ever came of it.

10 MR. EGER: Why do you think -- I mean --

11 MR. WHITEHEAD: It did chill them for some time.

12 MR. EGER: For a long time, yeah.

13 MR. WHITEHEAD: But it was a chilling which was a good thing.

14 MR. EGER: Yeah.

15 MR. WHITEHEAD: They thought it was a bad thing, but that's what it
16 was.

17 MR. EGER: Tom, when did the matching formula get developed. How did
18 you arrive at that -- with the idea of if for every federal dollar it had to
19 get, I think, two dollars?

20 MR. WHITEHEAD: I don't remember. I haven't talked about it.

21 MR. EGER: Okay. There's a -- it even exists today.

22 MR. WHITEHEAD: If you want to get into CPB, you'll have to talk to
23 Brian.

1 MR. EGER: Brian. Okay. Let's talk.

2 MS. BURGESS: Before you move on, John, when you were talking about
3 how there was a furor over your proposal to -- that if there was any
4 funding, it shouldn't be used for news, do you think that the media just
5 didn't understand your constitutional argument that the government shouldn't
6 be telling the people what the news is?

7 MR. WHITEHEAD: I think they didn't care about it. It was... it was
8 simply that the CPB ought to be allowed to do pretty much whatever it wanted
9 to do. The idea of any restrictions on the media was bad.

10 MR. EGER: Yeah.

11 MR. WHITEHEAD: I think it was pretty much that simple.

12 MS. BURGESS: Okay.

13 MR. EGER: So, I should -- I wonder if (INAUDIBLE) planned that.
14 Well, we'll talk to Brian. I want to go back to AT&T.

15 MR. WHITEHEAD: Where are we in the outline?

16 MR. EGER: We were talking about the fact that Open Skies was going to
17 destroy the existing monopoly anyway, but there was so much abuse. Justice
18 was very concerned about what they saw was a violation of the antitrust
19 lawsuit but they wanted a policy decision. Somewhere you got involved,
20 maybe Baker was in this before, he was on the task force for Open Skies,
21 but somewhere along the line, you obviously had a policy discussion, a
22 series of discussions with Justice which formed the basis of the anti-trust
23 suit. They didn't just come out on their own, I don't think, and decide

1 they're going to file this lawsuit --

2 MR. WHITEHEAD: They had that lawsuit pending for at least ten years.

3 MR. EGER: Pending.

4 MR. WHITEHEAD: They didn't want to file that lawsuit.

5 MS. BURGESS: How did you know that?

6 MR. WHITEHEAD: Well, they told me and the record shows the fact. The
7 FCC lawsuit and that's going back to 1959, 19 -- it probably goes back to
8 1949.

9 MR. EGER: Yeah. There were several lawsuits. Was this --

10 MR. WHITEHEAD: but none of them -- I'm not sure any of them -- Yeah,
11 one of them got filed. I think that the '59 -- I think the '49 lawsuit got
12 filed, and it was pulled because of the Justice Department. It was pulled
13 because Justice argued -- the Defense Department said that this was contrary
14 to national security policy.

15 MR. EGER: Oh, they did?

16 MR. WHITEHEAD: Yeah. And it would be damaging to national security
17 and should not be considered. And the judge went along with that and
18 rejected it. So, Defense had a huge role in it, and the reason that my
19 testimony, which I gave and here we're back to this committee, I gave
20 testimony just before I left OTP to a congressional committee, Senate
21 committee, on competition policy for the United States. I vaguely remember
22 that.

23 MR. WHITEHEAD: It was a senator who was very interested in that. And

1 --

2 MR. EGER: Schmidt?

3 MR. WHITEHEAD: No.

4 MR. EGER: It was not Schmidt?

5 MR. WHITEHEAD: I keep wanting to say it started with a "G." I can't -
6 - I can't tell you who it was, but I do remember that the timing fit very
7 nicely with leaving OTP. And the -- what the Justice Department needed was
8 for some high-level policy official to say that this was -- the breakup of
9 ATT would not be contrary to the national interest --

10 MR. EGER: Right.

11 MR. WHITEHEAD: -- including national security.

12 MR. EGER: And that was in your testimony?

13 MR. WHITEHEAD: My testimony was conceived to address that subject and
14 I made two very fundamental points: one was -- of course I was not a lawyer
15 --

16 MR. EGER: Yeah.

17 MR. WHITEHEAD: It was stipulated I was not a lawyer and I could not
18 judge in what area ATT had violated any of the antitrust laws. So, I was
19 not addressing that subject.

20 MR. EGER: Right.

21 MR. WHITEHEAD: But I could say that from a federal government -- from
22 the standpoint of the federal government -- from the standpoint of the
23 federal government the breakup of AT&T would not be contrary to the national

1 interest. And that included national security.

2 MR. EGER: Yeah. We have that.

3 MR. WHITEHEAD: I hope we have that.

4 MS. BURGESS: We do.

5 MR. EGER: That's really important. I mean, that says it all.

6 MR. WHITEHEAD: That does say it all and that's what Justice needed,
7 because, like I said, they were primed with the legal arguments that they
8 had not, over the years, been able to overcome the national security
9 argument. And they sort of felt that no judge was ever going to override
10 the national security argument, so they needed somebody who would, and, in
11 my position as the senior telecom official, when I said it, that became
12 federal policy -- that became federal policy.

13 MR. EGER: Did you realize that you were...? Was it Don Baker? Who was
14 in charge of Justice?

15 MR. WHITEHEAD: Don.

16 MR. EGER: . . .is that all? Was that in the files?

17 MR. WHITEHEAD: No. That's not in the files. The -- my
18 communications with justice -- I talked with Don, but my primary
19 communication with Justice was with Bill Saxby.

20 MR. EGER: Oh. What more did OTP do to support Justice in the effort
21 to break up AT&T?

22 MR. WHITEHEAD: That was the main thing.

23 MR. EGER: That was the main thing.

1 MR. WHITEHEAD: The -- if you're in the mood for a funny story --

2 MR. EGER: Yeah. Oh, please. All the stories --

3 MR. WHITEHEAD: You knew Ed Crosland.

4 MR. EGER: Yeah, sure.

5 MR. WHITEHEAD: There's a lot of funny Ed Crosland stories.

6 MR. EGER: You know, there's a story that you have about Ed Crosland

7 that's really great. It's the one where he --

8 MS. BURGESS: At the testimony, I think, after he testified, he came

9 up to you.

10 MR. EGER: When was that?

11 MR. WHITEHEAD: He was -- he just lost it. He totally lost it. And

12 if you know Ed, the idea of Ed losing it is just impossible to see.

13 MS. BURGESS: It would be like you losing it.

14 MR. WHITEHEAD: Yeah. I mean this guy -- this guy couldn't lose it,

15 but he did. And Charlie McWhorter literally pulled him away from me. He

16 said, "Come on, Ed. Come on, Ed. This is another day."

17 MR. EGER: Wow.

18 MR. WHITEHEAD: Yeah.

19 MR. EGER: Wow.

20 MR. WHITEHEAD: But after that I went -- actually maybe it was before

21 that. When was that? Was it after or before?

22 MR. EGER: It was '74.

23 MR. WHITEHEAD: I went to see -- Henry and I went to see -- I think I

1 remember it was two meetings, one with Larry Silverman and Bill Saxby. And
2 I don't remember that very well. Then there was another meeting with just
3 Henry and me and Saxby, and we discussed the schedule for filing the
4 antitrust suit, and as we finished, and I was walking out the door, Saxby
5 clamped me on the shoulder. You remember he was kind of a big fellow.

6 MR. EGER: Yeah. Right.

7 MR. WHITEHEAD: He clamped me on the shoulder, and he said, "Remember,
8 Tom," he said, "neither one of us is going to tell the President."

9 MR. EGER: Right. Right, yeah. Yeah. That's in your notes. There's
10 also another story that I thought would be very interesting. It's about
11 Crosland where Crosland had called somebody who called somebody who called
12 somebody who called Howard Baker on the phone.

13 MR. WHITEHEAD: Howard Baker, yeah.

14 MR. EGER: When was that?

15 MR. WHITEHEAD: That was not an important meeting. Crosland was
16 trying to get me on the telephone.

17 MR. EGER: Right, yeah, do you remember the year?

18 MR. WHITEHEAD: I was in my office talking to you or Brian.

19 MR. EGER: Yeah. He wanted to come to your office. You were in a
20 meeting.

21 MR. WHITEHEAD: Yeah, I was in a meeting and he wanted to interrupt
22 the meeting. I think he was just on the phone, I don't think he wanted to
23 come in.

1 MR. WHITEHEAD: And I told Eva to tell him I'd call him back. Well,
2 for some reason, something was pending. Maybe it was Justice, I don't know
3 what it was. Something was pending and he was worried that I was about to
4 do something. And as you know for Tom to do something was disturbing. So,
5 he insisted to Eva and that just made him very angry. I mean, I said, "Eva,
6 just tell him I will call him right back as soon as I'm through with what
7 I'm doing."

8 MR. EGER: Well, you get the impression --

9 MR. WHITEHEAD: He wanted to talk to me right now. Then and there.
10 And the more he wanted to talk, the more I was saying, "You know, god damn
11 it, I told the guy I'd call him right back after the meeting. What more
12 does he want?" So, he - and I don't know how we knew this -- but he called
13 somebody on Bakers' staff, and the next thing we knew -- they found Howard.
14 Howard was on the podium giving a speech somewhere in Tennessee and they got
15 -- pulled Howard off the podium because one of their Tennessee telephone
16 company board members knew Howard and that's how they knew where Howard was.
17 So, they found Howard, they pulled him off the podium and got him on the
18 telephone and Howard said, "Tom," he said, "Am I supposed to call you about
19 something?"

20 MR. EGER: Did you know?

21 MR. WHITEHEAD: And I said, "No, Howard, not that I know of." He
22 said, "Well, I'm down here in Tennessee, and they say I'm supposed to call
23 you."

1 MR. EGER: Do you think that he was doing this because he was just so
2 nervous or was he also showing you just how powerful AT&T was and that their
3 reach was, you know, omnipresent?

4 MR. WHITEHEAD: My sense was that he was nervous about something. But
5 I don't know what it was.

6 MR. EGER: Well, they sure were powerful.

7 MR. WHITEHEAD: They were hugely powerful.

8 MR. EGER: Because that kind of --

9 MR. WHITEHEAD: But that shows how powerful they were. Howard was
10 what -- he was Ranking --

11 MR. EGER: He was Ranking Minority Leader.

12 MR. WHITEHEAD: He was Ranking Minority Leader.

13 MR. EGER: As well as Chairman of the Senate Subcommittee on
14 Communications. Wow.

15 Some of the people who became nemeses of AT&T, you had personal
16 relationships with. Bill Collin. Sam Wyly. Could you -- would you kind of
17 elaborate -- if you can remember -- you know, why you met them, how you met
18 them, what their causes were?

19 MR. WHITEHEAD: They came in -- I guess they saw OTP. And it was --
20 some people were -- saw OTP as something of a threat to their existing
21 power, like AT&T. Others saw it as an opportunity for competition. And we
22 were promoting competition and Open Skies.

23 MR. EGER: Right.

1 MR. WHITEHEAD: I think we were very soon after that, we were promoting
2 competition and the multiple common carriers - competitive common carriers.
3 So they were in, pushing their interest in that. McGowan, of course, was...

4 MR. EGER: Yeah. I remember that.

5 MR. WHITEHEAD: ...I think, the leading competitive common carrier, so
6 he was in. He may have been looking for spectrum. I think he was just
7 looking for moral support.

8 MR. EGER: And I'm going to call Sid Topol to find out more about how
9 he funded LCI or what's behind the scenes. Yeah. How about Sam Wyly?

10 MR. WHITEHEAD: And did you ever run across -- What's his name? I
11 wish I could see these people, so I could remember their names.

12 MS. BURGESS: What industry was he in?

13 MR. WHITEHEAD: Hmm?

14 MS. BURGESS: What industry was he in?

15 MR. WHITEHEAD: He worked for Sam Wyly -- excuse me -- I mean he
16 worked for Bill McGowan. He was McGowan's number two for a while. What was
17 his name? He went on to run LCI, a big competitive common carrier. He made
18 a few hundred million dollars.

19 MR. EGER: Is that all?

20 MS. BURGESS: Yeah, right.

21 MR. EGER: Is that all? Just a few...

22 MR. WHITEHEAD: What was his name?

23 MR. EGER: I'm not -- nothing's coming to me.

1 MS. BURGESS: This might be enough information to figure out who he --

2 MR. WHITEHEAD: This is probably before your time.

3 MR. EGER: Yeah.

4 MR. WHITEHEAD: I can't remember who Bill McGowan used as his primary
5 guy in talking to me, but I used to go over and have martinis with McGowan
6 at 5:00. He was a five o'clock martini man. And, man, I mean five o'clock.
7 We talked business until 4:59. And he'd say, "Well, it's time for a
8 martini."

9 MR. EGER: Yeah.

10 MR. WHITEHEAD: He'd go over and open up his little drawer, and we'd
11 have a martini. So, anyway McGowan was the most effective, I would say, of
12 the specialized common carriers.

13 MR. EGER: He was very smart, wasn't he?

14 MR. WHITEHEAD: He was really shrewd.

15 MR. EGER: Yeah, he realized he had a --

16 MR. WHITEHEAD: He was kind of a rough and tumble Irishman. But he
17 was very smart and very shrewd. And Sam Wyly is also still around, and he's
18 worth a few hundred million dollars.

19 MR. EGER: What did he do? I forgot. Was it --

20 MR. WHITEHEAD: He was with a computer company called Datran.

21 MR. EGER: Day Tran. Day tran. Data Transmission.

22 MR. WHITEHEAD: Data Transmission Corporation. And his objective was
23 to create a data transmission network of microwave links that would connect

1 together the major data communications centers around the world. They
2 couldn't get the communications they wanted from AT&T, and I don't think
3 they saw -- well, they had problems with satellite communications.
4 Satellite data was -- was and is -- more complicated than terrestrial
5 because of the transmission delays. And so he was interested in promoting
6 this specialized common carrier. And the two of them were important just
7 because they made the case for competition more effectively than --

8 MR. EGER: Well MCI made it -- MCI made it -- Day Tran --

9 MR. WHITEHEAD: Day Tran did not make it. I think that was largely
10 because of the changes in the computer industry. The big heavy iron
11 computers gave way to the smaller -- still very large -- but smaller -- IBM
12 was constantly coming up with smaller computers. And I think as the
13 computers became smaller, the need for that kind of communications became
14 less or maybe they just needed less. They didn't need as wide band.

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: They needed more. They could live with the more
17 narrow band stuff that they could get from AT&T.

18 MR. EGER: I just remember they spent a lot of money making it.

19 MR. WHITEHEAD: They spent a lot of money.

20 MR. EGER: And they didn't get many customers.

21 MR. WHITEHEAD: Well, they never built their network.

22 MR. EGER: They had to set up the the whole network, before they
23 could...

1 MR. WHITEHEAD: You see, that's the trouble. That's the trouble with
2 AT&T back then. It's the same trouble that they had with television,
3 because you want it to be a national TV network. You've got to build a
4 network, microwave network, capable of the entire country.

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: A microwave network that covers the whole country is a
7 hugely expensive proposition because you've got to run microwave to, you
8 know, every city in the United States. And that just costs -- a lot of
9 money.

10 MR. EGER: That's probably the reason why Datran -- you alluded to
11 they couldn't take advantage of Open Skies because of the satellites waves -
12 -

13 MR. WHITEHEAD: Satellite waves.

14 MR. EGER: You've got --

15 MR. WHITEHEAD: You can't use satellite -- back then you couldn't use
16 satellites for data.

17 MR. EGER: We're going to have to remember why, the reason why Datran-
18 -

19 MR. WHITEHEAD: It's still -- --

20 MR. EGER: -- Datran died. We'll have to try.

21 MR. WHITEHEAD: Nobody could afford it. I think it was pretty simple.

22 MR. EGER: Yeah.

23 MS. BURGESS: This is something that we saw with the beginning of the

1 telephone industry. You and I talked about how the independents in some
2 cases couldn't compete with AT&T, because it was so expensive to get anyone
3 close to providing enough subscribers.

4 MR. WHITEHEAD: That's correct.

5 MS. BURGESS: Whereas AT&T had gotten so far ahead that it was very
6 cheap for them to --

7 MR. WHITEHEAD: -- to add subscribers.

8 MR. EGER: Yeah. This is something you addressed with Susan earlier
9 but I want to come back to it. There was quite a dispute about whether you
10 needed legislation.

11 MR. WHITEHEAD: I remember.

12 MR. EGER: Remember -- to deal with competition just do -- doing the
13 Open Skies would create a new competitive environment but there was some
14 discussion that you alluded to with Susan about whether or not legislation -
15 - some kind of legislation -- was necessary. And the reason why -- and I
16 think you said, you know, there was an internal debate within OTP about
17 whether you needed it or didn't need it. And the reason why I think it's
18 important is that later -- maybe just about the time you were leaving --
19 Bell came up with its own Bill, the so-called Consumer Communications Reform
20 Act. Remember? And that was the one that the Van Gellen (sp?) started
21 holding the hearings to try and stop it? But had you ever thought about
22 legislation, I mean, what was OTP thinking? I don't think you ever came up
23 with any.

1 MR. WHITEHEAD: We thought it wasn't necessary.

2 MR. EGER: It wasn't.

3 MR. WHITEHEAD: The Communications Act of '34 pretty much said it all.
4 And so there was no need for legislation.

5 MR. EGER: Yeah. Do you ever remember what Bell was trying to do
6 because I left too.

7 MR. WHITEHEAD: Yeah. They were trying to stop competition.

8 MR. EGER: Just to -- it was a --

9 MR. WHITEHEAD: They were just trying to kill it.

10 MR. EGER: Okay. Alright. Okay. Yeah. It's my recollection, too,
11 that the so-called Bell Bill, also known as the Consumer Communication
12 Reform Act, and I remember actually giving a speech where somebody wrote for
13 me -- wrote this, saying it was about as pro-consumer and pro-reform as
14 Henry VIII and Blue Beard referred to as liberationists. You know, it's one
15 of those colloquial headlines. Okay.

16 MS. BURGESS: I'm sorry. Tom, after your speech -- after your
17 testimony, did the Department of Defense come to you at all upset about what
18 you had done to undermine the AT&T monopoly? You know at that point you
19 were getting ready to leave anyway, so you probably didn't care if they did.

20 MR. WHITEHEAD: I don't think they ever came to see me after that.

21 MS. BURGESS: And that was it.

22 MR. WHITEHEAD: I think so.

23 MS. BURGESS: Okay.

1 MR. EGER: Susan, do you think we have enough on the breakup.

2 MS. BURGESS: Uh-huh.

3 MR. WHITEHEAD: What subject did we just finish?

4 MR. EGER: AT&T, the breakup and the competition.

5 MR. WHITEHEAD: We've got the George Schultz telephone call, right?

6 MRS. WHITEHEAD: You got the whole thing.

7 MS. BURGESS: Uh-huh. Do you want me to read back to you what I have
8 already?

9 MR. EGER: Yeah. Why don't you.

10 MS. BURGESS: Okay.

11 MR. EGER: Because a lot of stuff we already had. We decided we would
12 not ask you stuff that we already have documents and letters and things on.
13 So we tried --

14 MS. BURGESS: But if you hear it again maybe you'll notice something
15 that we didn't touch on.

16 MR. WHITEHEAD: One day, probably early in 1974, my White House line
17 rang and this time it was George Schultz who was Secretary of the Treasury.
18 He said, "Hi, Tom." And I said, "Hi, George." And we talked for a while.
19 And he said, "Tom, are you about to do something about AT&T?" And I said,
20 "No, George." And he said, "You're not going to do anything." I said,
21 "Well, George we don't have anything scheduled. Nothing's planned. AT&T
22 figures into a lot of things..." Oh, and George says... No. You say, "AT&T
23 figures into a lot of things we're working on, but we don't have any

1 immediate plans." And he said, "Well, you're not going to be doing anything
2 in the next couple of weeks are you?" And I said, "No. Look, George, if
3 that makes you comfortable I'll just agree not to do anything with AT&T for
4 the next two weeks." And George said, "Oh, that's great. That's just fine.
5 If you could do that. Thank you very much. I appreciate it." And I said,
6 "George, if you don't mind my asking, why do you care?" He said, "This is
7 very confidential, but we're about to put out a major offering of the U.S.
8 Treasury bonds, and the interest rate we pay follows the AT&T rate. So, if
9 you were to do something that adversely impacted AT&T, it would drive AT&T
10 bonds down which would drive up the interest rate and that would mean we
11 would have to pay a higher interest on the umpteen million dollars we're
12 about to borrow. And that would cost the Treasury a lot of money." And I
13 said, "It seems to me, George, that it ought to work the other way around.
14 The Treasury rate should drive AT&Ts." And George told me, "It doesn't work
15 that way. This year," -- which was either, '73 or '74, which I need to
16 figure out - "AT&T accounted for a third of the new corporate debt in the
17 U.S., so being so big our interest rate follows their interest rate." So I
18 said, "Don't worry about it, George. I won't do anything." And then you
19 hung up the phone and -- I remember looking out the window and saying to
20 myself something like --

21 MR. WHITEHEAD: "Gosh."

22 MS. BURGESS: Yeah, "Gosh. Here you've got an industry" -- meaning
23 telecommunications - "that's the fastest growing industry in the U.S.,

1 that's hugely capital intensive, and you've got one company that already
2 accounts for a third of the total corporate borrowings of the U.S. This is
3 just not sustainable. It just won't work."

4 MR. WHITEHEAD: It's not sustainable for the long run.

5 MR. EGER: Yeah.

6 MS. BURGESS: Right.

7 MR. EGER: That's a great story. That is a great story. I mean, that
8 was another thing that was just wrong with that --

9 MR. WHITEHEAD: Well, I -- you see, I had been fighting Justice that
10 wanted to file this antitrust suit. And my view was that we could do it
11 through the regulatory process, specialized common carriers and so forth.
12 And they keep telling me, "No, you can't get it done that way. And you've
13 got to file an antitrust case." And I said, "Look. Filing an antitrust
14 case is like, you know, hitting the communications industry with a
15 sledgehammer."

16 MR. EGER: Yeah.

17 MR. WHITEHEAD: "It's a hugely harsh tool to apply to any industry.
18 And I don't think we have to go there." Well, after this telephone call,
19 you know, I remember sitting -- you remember my office. And I was just
20 sitting looking out the window -- I can't remember what the view was -- at
21 the Washington Monument or something. And just saying to myself, you know,
22 "This is not sustainable. And if ever there was a case for breaking up a
23 company, this was it." And my thinking was certainly not as a lawyer and

1 it's quite conceivable that ATT wasn't breaking the antitrust laws as far as
2 I was concerned, but you couldn't have a telecommunications industry with
3 one company that big. It just wouldn't work.

4 MR. EGER: Yeah. The choice --

5 MR. WHITEHEAD: So, at that point, I guess I did conclude that they
6 probably were breaking the antitrust laws because what they were doing was -
7 - if you remember my discussion yesterday about Dick Gabel --

8 MR. EGER: Yes.

9 MR. WHITEHEAD: What they were doing was cross-subsidizing --

10 MR. EGER: Yes, absolutely.

11 MR. WHITEHEAD: -- to a huge extent and so it just -- if ever there
12 was a case for antitrust that was it and the only way we were going to get
13 an antitrust suit filed was if OTP took an active position because we all
14 knew that Defense was fighting it mightily. They owned their own guy. They
15 had their own guy up at Defense. What was his name?

16 MR. EGER: I can't remember his name. But they had a guy that was a
17 Defense Department employee, GS 15-16. And his job was to look after AT&T.

18 MR. EGER: I'm not surprised.

19 MR. WHITEHEAD: Which he did a good job of it.

20 MR. EGER: They were everywhere.

21 MR. WHITEHEAD: He did a good job. So, that's the story.

22 MR. EGER: There's one another thing we didn't cover. I mean, we
23 covered the financial sides of AT&T, the cross-subsidies and related

1 matters, when Datran came in, they were showing you what you could do with
2 computers hooked to the network --

3 MR. WHITEHEAD: Right.

4 MR. EGER: -- and were just then beginning to talk about, the,
5 quote/unquote, the information age.

6 MR. WHITEHEAD: Right.

7 MR. EGER: To what extent was OTP concerned about replicating the
8 model of the monopoly at this new golden information age?

9 MR. WHITEHEAD: Well, we were concerned about it but not terribly.

10 MR. EGER: Okay.

11 MR. WHITEHEAD: Because AT&T was so opposed to data communications --
12 and I do not remember why. I do remember that at the time we -- I don't
13 think we could figure out why. Because you looked at the traffic patterns
14 and traffic -- data communications traffic was growing at a prolific rate
15 compared to voice traffic and we could never get AT&T to take much of an
16 interest. So it was more of a concern about "Why can't we get any data
17 communications," rather than "Are you trying to build a new monopoly?" They
18 weren't interested.

19 MR. EGER: I don't remember, frankly, in 1970, '72, '73, were there
20 large computer companies that were concerned about what you were going to do
21 with AT&T --

22 MR. WHITEHEAD: No.

23 MR. EGER: There weren't.

1 MR. WHITEHEAD: They never came in to see us that I recall.

2 MR. EGER: I remember -- some of those companies aren't even around,
3 like, Control Data. Unisys -- I don't know if Unisys is still around. IBM
4 was around.

5 MR. WHITEHEAD: IBM was around.

6 MR. EGER: They were interested in sky satellites too, I think.

7 MR. WHITEHEAD: Most of them were not around.

8 MR. EGER: Yeah. They weren't a player. They weren't in Washington
9 anyway.

10 MR. WHITEHEAD: They may have been. I think they were mainly employed
11 around the Defense Department.

12 MR. EGER: Okay.

13 MS. BURGESS: Is it worth talking about ARPANET here, or...

14 MR. EGER: Oh, yeah. Well I did. I wanted to actually talk about
15 them later.

16 MS. BURGESS: Later. Okay.

17 MR. EGER: But let's talk about it now.

18 MS. BURGESS: Well, just because we're talking about the data.

19 MR. EGER: They're having their 50th celebration now.

20 MR. WHITEHEAD: Of the Internet, uh-huh.

21 MR. EGER: Of the Internet. And I just didn't know what role OTP had
22 in creating ARPANET, promoting packet switching. I just don't know anything
23 about them.

1 MR. WHITEHEAD: We had an indirect role. ARPANET started -- well
2 there were two networks. There was ARPANET and there was the Internet. And
3 the ARPANET was a Defense Department initiative. The Internet was funded by
4 the national security -- National Science Foundation, and I don't know which
5 one is accounting the advent of the Internet. I think it was the -- in my
6 mind it all started with ARPANET and the Defense guys because they're the
7 guys who came up with backup switching, which is where I think it really all
8 started. But I think they're counting it from the days of the Internet and
9 the Internet was conceived and initiated as a high speed data communications
10 network using ARPANET technology to provide data communications between
11 large university computing centers. So, you know, you'd think Sam Wyly was
12 involved there. And Sam may have been involved there, because what he
13 wanted to do was to sell computers and software. So maybe he gave up on
14 Datran because he was able to sell his computers to NSF. I just don't
15 really know.

16 MR. EGER: We're thinking about -- we were thinking, or talking about
17 just a wrap or a kind of an epilogue and I couldn't find that we had any
18 direct impact or influence on the establishment of the Internet.

19 MR. WHITEHEAD: Ultimately he didn't, but I did.

20 MR. EGER: But you did.

21 MR. WHITEHEAD: Remember I told you that I had responsibility for NSF
22 as part of my White House responsibilities.

23 MR. EGER: Yes.

1 MR. WHITEHEAD: And the subject of funding for what became the
2 Internet is the funding for the network to tie all these universities
3 together came up to me. MR. EGER: Oh it did.

4 MR. WHITEHEAD: Yeah.

5 MR. EGER: How much -- do you know roughly --

6 MR. WHITEHEAD: I don't remember.

7 MR. EGER: Because eventually NSF --

8 MR. WHITEHEAD: Good question, though.

9 MR. EGER: -- took pieces of the ARPANET, didn't they, to make --

10 MR. WHITEHEAD: Yeah. They took pieces of ARPANET.

11 MR. EGER: Yeah.

12 MR. WHITEHEAD: And they took the ARPANET technology so I -- what I
13 did was to support the funding for the -- for that networking piece at
14 National Science Foundation --

15 MR. EGER: Do you --

16 MR. WHITEHEAD: Guy Stever.

17 MR. EGER: I know that name. Guy Stever.

18 MR. WHITEHEAD: Guy was the head of the -- funny how people get lost -
19 - Guy was the head of the National Science Foundation at that time, and he
20 wanted me to support the funding for that in the NSF budget, which I did
21 because I thought it was a good idea. I certainly didn't think I was
22 starting the Internet, but it just seemed like a good thing to be doing, a
23 good thing for the -- for this technology to be developed.

1 MR. EGER: Again, thinking of trying to bring this into the future.
2 We were actually talking about, you know from Sputnik I to Internet 2 -- is
3 kind of a catchy -- is that to a certain -- marks the time frame in which
4 you came in and individually and through OTP changed the model. To what
5 extent can we say that had there not been this new Open Skies competitive
6 environment put in place, competition reinserted as a rule rather than the
7 exception, that today's modern GPS Internet-based converged system would
8 have existed?

9 MR. WHITEHEAD: I don't think it starts with Sputnik.

10 MR. EGER: That's a stretch?

11 MR. WHITEHEAD: It's a stretch.

12 MR. EGER: Okay. So, okay.

13 MS. BURGESS: Before you go --

14 MRS. WHITEHEAD: Would you talk about that a little more, Tom? What
15 do you think it starts with? Do you think it's systemic?

16 MR. WHITEHEAD: I think it starts with Open Skies.

17 MR. EGER: Yeah, yeah.

18 MRS. WHITEHEAD: You don't think Open Skies is connected to Sputnik?

19 MR. WHITEHEAD: No.

20 MRS. WHITEHEAD: Would you go on about that a little bit?

21 MR. WHITEHEAD: No, because in my mind, satellites -- it was the
22 competitive pressure of the networks and AT&T and the communications
23 manufacturers. I think there were the seven companies. I think it was

1 their pressure to launch a communication satellite for their own commercial
2 purposes that marks the beginning.

3 MR. EGER: Yeah --

4 MR. WHITEHEAD: You could send them back to COMSAT, and you could say
5 that COMSAT wanted to build a communications network, and I guess that's
6 true.

7 MR. EGER: Well, I personally say -- think that had you not created
8 Open Skies and changed the model where anybody who was a user - a carrier or
9 a new entity wanted to come forward and enter the communications market
10 place. This was a brand-new idea. And the same way that anybody can create
11 a website service. So, the model had been changed, and then, when you went
12 to Galaxy, you actually kind of looked at what cable systems needed and by
13 encouraging, by soliciting people's interest you got them to think well,
14 maybe I can own a transponder. Maybe I can start delivering my services.
15 Today, we have everybody from Wal-Mart to Exxon has their own satellite --
16 transponder, I'm sorry.

17 MR. WHITEHEAD: Did COMSAT want to create a communications network?

18 MR. EGER: No. I don't think so. I think COMSAT wanted --

19 MR. WHITEHEAD: Why did they want to launch a satellite?

20 MR. EGER: Well, I think they were being told that told that they're
21 the instrument to create IntelSat, weren't they?

22 MR. WHITEHEAD: IntelSat was...

23 MR. EGER: COMSAT was the US entity of IntelSat...

1 MR. WHITEHEAD: Yeah, right.

2 MR. EGER: ...and Kennedy kind of was told -- You were involved in
3 that...

4 MR. WHITEHEAD: He was kind of left out.

5 MR. EGER: Well, you were responsible for helping to find directors
6 for COMSAT.

7 MR. WHITEHEAD: Oh, yeah.

8 MR. EGER: So, the President still had kind of an authority and he
9 wanted to make sure, I think, at least during the Kennedy years, that COMSAT
10 was our chosen entity to help influence -

11 MR. WHITEHEAD: Telecommunications.

12 MR. EGER: COMSAT was created by a compromise --

13 MR. WHITEHEAD: I've got to think about that but I've got to go to the
14 bathroom before I think about that.

15 MR. EGER: You see, I don't see that's a free competitive model like
16 Open Skies.

17 MS. BURGESS: Should I get Clay?

18 MR. WHITEHEAD: No, it wasn't.

19 MR. EGER: COMSAT was kind of forced on the industry.

20 MR. WHITEHEAD: I was trying to think about what your thought about
21 what was the beginning.

22 MR. EGER: Yeah.

23 MRS. WHITEHEAD: What you see is a reaction to industry rather than

1 the space program -- reaction to the industrial model.

2 MS. BURGESS: Do you need Clay?

3 MR. EGER: What we're trying to do and maybe tomorrow we can get this
4 in writing. We'd like to have the outline of 12 chapters. With some ideas,
5 I think -- and, Susan, you have to tell me who has to do what, you know, in
6 order to flesh out those chapters and what more we need from Tom.

7 MS. BURGESS: Uh-huh.

8 MR. EGER: I think clearly transition --

9 MR. WHITEHEAD: That's a low priority for me.

10 MR. EGER: Is it? Okay. Well, I mean...

11 MS. BURGESS: I've been keeping track of when you say, "Talk to Brian
12 about that. Talk to Henry about that." I've been keeping track, for
13 instance, Nino and Henry, the Cable Copyright Compromise and special --
14 great.

15 MR. EGER: So, we have it all written down.

16 MS. BURGESS: Yes. Right.

17 MR. WHITEHEAD: I'd like to join in some of those conversations.

18 MR. EGER: Okay.

19 MS. BURGESS: Oh.

20 MR. WHITEHEAD: Like, on the Cabinet Committee Report. Henry and I
21 together ought to do that.

22 MS. BURGESS: Okay.

23 MR. EGER: And Henry and you should talk to Nino about the copyright.

1 MR. WHITEHEAD: I have to call Nino. Remind me to do that.

2 MS. BURGESS: Right. Maybe at the end of today, or do you want to do
3 that now?

4 MR. WHITEHEAD: No. Next week.

5 MS. BURGESS: Oh, next week. Okay.

6 MR. EGER: The second thing we'd like to -- I would like to finish -
7 accomplish, in addition to the outline, is to have one chapter with all the
8 things we want to put in that one chapter on Open Skies, so that you can
9 start writing, because we have a lot now. But it would really be good if
10 you could, if within the next few days we got that one chapter. People who
11 review books want at least one chapter and the outline. But that's really
12 the most important chapter, too, the Open Skies stuff. And I think we have
13 a lot. So, maybe tomorrow. Is that --

14 MS. BURGESS: That sounds -- no -- that sounds --

15 MR. WHITEHEAD: Somebody's got to talk to Walt Hinchman.

16 MR. EGER: Yeah.

17 MR. WHITEHEAD: Two things about Walt. One is that Walt was really
18 pivotal in Open Skies because the question -- one of the major questions was
19 how many satellites can we put up there? Can we accommodate all of the -- I
20 think it was seven satellites that -- can we accommodate one satellite for
21 each of the seven contenders. That's my recollection. It may have been
22 six, it may have been eight, whatever. And so the question was what spacing
23 can we have use that could accommodate all of those carriers in a reasonable

1 position in the sky? And Walt was the guy who I leaned on primarily to
2 study that and it was a question of how big do you make the satellite dish?
3 The bigger the dish, the more it rejects interference from adjacent
4 satellites. And so it was a question of the size of the dish on the
5 satellite itself and then the size of the dish on the ground.

6 MR. EGER: Ah. Okay.

7 MR. WHITEHEAD: And the two together determined the spacing that you
8 needed between satellites to achieve a certain degree of interference. So
9 there were really three variables there. There was the size of the dish on
10 the satellite, which was limited by launch vehicle considerations. There
11 was the size of the dish on the ground, which drove the cost of the earth
12 station, and then there was how much interference is too much? And so we
13 had to do a trade-off of those things. And Walt was -- I can't remember.
14 We brought Walt from one of the government agencies, as we did with so much
15 of OTP, so much of Open Skies was done by getting people from the agencies
16 to do the work.

17 MR. EGER: There is a -- is there a document, an Open Skies document?

18 MS. BURGESS: That talks about what?

19 MR. EGER: An Open Skies document that talks about all of this.

20 MS. BURGESS: That talks about the spacing between satellites or...

21 MR. EGER: There was obviously a letter, which Flanigan signed, but
22 was there a backup?

23 MR. WHITEHEAD: There was some but I don't know how much there was.

1 MS. BURGESS: There were press releases. There was a speech that you
2 gave, and you have that.

3 MR. WHITEHEAD: There should be internal government memos about...

4 MS. BURGESS: I'm pretty sure we have that.

5 MR. WHITEHEAD: ...about who the members of the task force were.

6 MS. BURGESS: Oh, I see what you're saying. Yeah, we do have that.

7 MR. EGER: Well, the nice thing is you can actually quote from the
8 person saying it. Walt Hinchman, who was recruited from such-and-such to
9 work with Tom Whitehead on this -- he was the key architect of the
10 configuration of the Open Skies system.

11 MR. WHITEHEAD: You're not going to find that, but what you'll find is
12 memos from Walt.

13 MR. EGER: Okay.

14 MR. WHITEHEAD: You'll find members of the task force.

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: You'll find things like that.

17 MS. BURGESS: I've seen that. I've seen content information --

18 MR. EGER: Thanks, Margaret. Thank you, Margaret.

19 MS. BURGESS: -- for key people on the different companies that were
20 interested in the issue.

21 MR. WHITEHEAD: Well, but there were companies but there were also the
22 people --

23 MS. BURGESS: Within the government.

1 MR. WHITEHEAD: -- inside the government that worked on that.

2 MS. BURGESS: Yeah, I've seen that too.

3 MR. WHITEHEAD: So, Walt's name would appear there. So, there were
4 things like that. Anyway, Walt was the primary technical guy, and so you
5 need to know that Walt played a huge role because these technical parameters
6 determined how much -- how many orbit slots we could accommodate.

7 MS. BURGESS: Is he local?

8 MR. WHITEHEAD: No. Somebody told me -- maybe Henry would know or
9 Brian would know -- I think he's in -- I think maybe he's teaching in
10 Arizona somewhere.

11 MR. EGER: Yeah.

12 MS. BURGESS: I'll call him.

13 MR. WHITEHEAD: But the other -- well, the other thing you need to
14 know with Walt is that Walt was -- and I'm giving this to you secondhand --
15 Walt's wife thought that Walt did not get enough credit, which may or may
16 not have been true. And I have not kept up with Walt. So I think you will
17 find that Walt's relationship with me is maybe a little cool. So how much
18 he would be willing to participate in this? I don't know.

19 MR. EGER: Well, we'll just -- there's newspaper people who do this
20 all the time. They say, "I'm going to quote you."

21 MR. WHITEHEAD: And tell him, "Tom says you played a huge role."

22 MR. EGER: And he either has a chance to put his own thoughts on the
23 record or --

1 MS. BURGESS: Is this recording now? I thought you said it wasn't.

2 MRS. WHITEHEAD: Well, there --

3 MR. WHITEHEAD: Yeah, it is. The button is beeping.

4 MS. BURGESS: Now, you have my face nodding, unfortunately.

5 MR. EGER: Anyway, I'll be happy to send the call if you want.

6 MS. BURGESS: You can do the call.

7 MR. WHITEHEAD: Anyway. I can't. At this point I don't have the
8 energy to call Walt. So, one of you -- probably you, John -- should call
9 him and tell him.

10 MRS. WHITEHEAD: You have to remember to ask Tom --

11 MR. EGER: Sure. We can quote him correctly?

12 MR. WHITEHEAD: And that I was extolling his virtues --

13 MRS. WHITEHEAD: You have to remember to ask Tom--

14 MR. WHITEHEAD: -- as a pivotal figure in the Open Skies Policy.

15 MR. EGER: Right, yeah.

16 MR. WHITEHEAD: I don't have anything bad to say about Walt. I really
17 don't. He did a great job.

18 MRS. WHITEHEAD: -- how much all these -- the satellite dish size had
19 to do later with the Astra satellite reception in Europe and the change in
20 the paradigm there, if any.

21 MR. EGER: Walt can be brittle. I remember that.

22 MR. WHITEHEAD: You remember him?

23 MR. EGER: He came to the FCC.

1 MR. WHITEHEAD: Oh, that's right he did.

2 MR. EGER: Yeah. After he left OTP.

3 MR. WHITEHEAD: He may have come from the FCC.

4 MR. EGER: I wonder if that was --

5 MR. WHITEHEAD: I think he came from that agency out in Boulder.

6 MR. EGER: Oh, the OT, the OT -- Commerce Agency.

7 MS. BURGESS: OTM?

8 MR. EGER: Yeah.

9 MR. WHITEHEAD: No. Not OTM.

10 MR. EGER: Also reporting to OTP was an agency in commerce called the

11 Office of Telecommunications that had a laboratory in Boulder, Colorado,

12 that did mostly spectrum work as I recall.

13 MS. BURGESS: Okay.

14 MR. EGER: Anyway.

15 MS. BURGESS: It was more technical.

16 MR. WHITEHEAD: Yeah, it was very technical.

17 MS. BURGESS: Tom, before we break for lunch. I wanted to ask you one

18 follow-up question when we were talking about the Internet. You said that you

19 provided -- you were -- you approved of funding that the NSF requested to

20 fund this project that was ARPANET.

21 MR. WHITEHEAD: Internet.

22 MS. BURGESS: That was the Internet, okay. I wanted to make sure I

23 understood that correctly. But you said, "I thought it was a good idea that

1 they develop this technology." Did you also see at that moment in time how
2 it figured in with competition, and --

3 MR. WHITEHEAD: No.

4 MS. BURGESS: -- or was that not even a glimmer.

5 MR. WHITEHEAD: It wasn't even a glimmer.

6 MS. BURGESS: Okay.

7 MR. WHITEHEAD: It was just high speed data between universities
8 seemed like a good idea.

9 MS. BURGESS: Okay. I just wanted to check that. And then the other
10 question I had was, did you know this fellow whose last name was Oettinger,
11 O-E-T-I-N-G --

12 MR. WHITEHEAD: Sure.

13 MS. BURGESS: Because I got his records from Harvard, and I just
14 wanted to know, what your relationship with him was.

15 MR. WHITEHEAD: Oh, we've been friends. He was kind of a gadfly
16 around town in communications issues, and he was a guy that I knew at
17 Harvard, and he's still around.

18 MS. BURGESS: Uh-huh.

19 MR. EGER: Yeah. Is he still down at Harvard? I wondered.

20 MR. WHITEHEAD: He's still at Harvard, yeah.

21 MR. EGER: Anthony Oettinger.

22 MR. WHITEHEAD: Anthony Oettinger. He went on to -- he had a program
23 at Harvard on cable communications and, like I said, he and I kind of kept

1 up on communications policy issues. He has a network where people trade
2 drafts of books and things. I don't know if he's kept that up or not. I
3 think he has. I think he has, but I don't know for sure. And you can just
4 call him and tell him what you're doing and ask him if he's kept up his
5 network for trading drafts on communications documents. I think he probably
6 has.

7 MR. EGER: He was the guy -- I remember, Tom -- who coined the term
8 "computications."

9 MR. WHITEHEAD: Yeah.

10 MR. EGER: I never liked that term.

11 MR. WHITEHEAD: Crazy term.

12 MR. EGER: It was a term -- when computers would intersect with
13 telecommunications we have "a pox on both your houses" -- that's what he's
14 saying -- it's called computications. I don't know.

15 MR. WHITEHEAD: That for some reason causes me to think of Bob
16 LeBlanc. Do you remember him?

17 MR. EGER: Oh, God, yes. And you just did something with him, didn't
18 you?

19 MR. WHITEHEAD: Well, Bob and I have always been friends.

20 MR. EGER: Yeah. He went to Salomon Brothers or something.

21 MR. WHITEHEAD: He was with AT&T, and then he went to Salomon
22 Brothers.

23 MR. EGER: And then you were on the board with him or something --

1 MR. WHITEHEAD: I was on a board with him, yeah. The reason I say
2 that is Bob had a lot of responsibility at AT&T for studying the future of
3 AT&T. And I believe it was both before and after the breakup.

4 MR. EGER: Right.

5 MR. WHITEHEAD: And he's -- he's very knowledgeable in talking about
6 the internal AT&T view of what AT&T was going to be after the breakup.

7 MR. EGER: Right. As a matter of fact, if you --

8 MR. WHITEHEAD: And he may have been -- it may have been before the
9 event -- the breakup as well.

10 MR. EGER: One of the things we thought about doing, too, is at
11 certain times not only to get people's opinion but to get them to -- let's
12 say they read a chapter that she had written and to comment. And it'd be
13 part of the marketing strategy to have Jerry Levin, Bob Le Blanc, you know,
14 others, Nino Scalia --

15 MR. WHITEHEAD: Yeah.

16 MR. EGER: -- say that they have read --

17 MR. WHITEHEAD: Bob -- you should talk to Bob about the breakup,
18 because he's very, very knowledgeable about that.

19 MR. EGER: Yeah. I hadn't known he was with AT&T.

20 MR. WHITEHEAD: Yeah. I've not talked to Bob in depth enough about
21 what his role there was, but the things that -- because he and I have talked
22 about other things --

23 MR. EGER: Yeah.

1 MR. WHITEHEAD: -- about the... his view and my view are very similar.

2 MRS. WHITEHEAD: What about Ithiel Poole, Tom?

3 MR. EGER: He's passed away as you know.

4 MRS. WHITEHEAD: Well, I know that but -- did you not have interaction
5 with him at OTP or anything else?

6 MR. WHITEHEAD: No. No.

7 MR. EGER: But he may have had some influence on you as a student,
8 because he was the one that always talked about technology as a freedom. I
9 don't know if you remember that.

10 MR. WHITEHEAD: Was that before or after OTP?

11 MS. BURGESS: Well, we have his book.

12 MR. WHITEHEAD: You have the book?

13 MS. BURGESS: Yeah, I can go check.

14 MR. EGER: I think it was before.

15 MR. WHITEHEAD: I think it was before.

16 MR. EGER: I think -- you know.

17 MR. WHITEHEAD: Yeah, I think Ithiel talked to me about communications
18 issues.

19 MR. EGER: Yeah.

20 MR. WHITEHEAD: And probably played a role in getting me interested in
21 communications.

22 MRS. WHITEHEAD: As a democratic tool?

23 MR. WHITEHEAD: Yeah.

1 MR. EGER: Fabulous. Okay. I wanted to have that conversation and I
2 don't know that we considered that as a chapter. Originally, when I was
3 talking to Brian a couple of weeks ago after you and I had talked the first
4 time, I was saying Open Skies, open government, and I was trying to make a
5 connection. Because a lot of what you did through Open Skies and the
6 policies that became thresholds of OTP's operation helped create
7 participatory government, open government, more media, more, more, more.
8 And I wondered to what extent -- I mean this happened as a consequence of
9 all of the policies that you were reporting but to what extent were you
10 thinking these technologies meant more this is how you really create a
11 democracy as having a robust communications infrastructure?

12 MR. WHITEHEAD: I think that's a stretch.

13 MR. EGER: Yeah. Well --

14 MRS. WHITEHEAD: Well, I asked this question of Tom a couple of years
15 ago. And I had done a bit of reading about the politics of Midwestern
16 conservatism and plains Republicans and so on. And of course the left
17 academic point of view of this is that it was defensive, and so I told Tom
18 about this article, and he said, "That is exactly right." He said, "It's
19 defensive all right. It's defensive for every American that lives in the
20 Midwest or any place else in the world, and I had those people in mind with
21 everything that I did." And so he panned this article that I read and he
22 gave me -- he said, "That's exactly what I devoted my career to."

23 MR. EGER: Well, he then --

1 MRS. WHITEHEAD: So then he.

2 MS. BURGESS: Is that right?

3 MRS. WHITEHEAD: He did not -- so then he did not -- he's saying no
4 today but drawn out of these things. I mean, Tom hit town, he was a
5 Republican. He was the only Republican that I knew under the age of 32, 33.
6 He was sort of an anomaly at every party at every social gathering that we
7 went to. He was far more conservative than anybody else that I knew, and he
8 was different and his political views were different and he held to these,
9 not only held to them but he enacted them in his policies. So, this answer
10 today is inadequate to what..

11 MR. EGER: Right. No, Margaret, I just --

12 MR. WHITEHEAD: I know how -- it's this, I mean, we clearly thought
13 about these things but it's a stretch for the book to -- you can't write a
14 book that says, Tom Whitehead came to town to reform the federal government
15 --

16 MRS. WHITEHEAD: No, no, no. That's not what I'm saying.

17 MR. WHITEHEAD: -- to be an instrument of..

18 MS. BURGESS: ...democracy?

19 MR. WHITEHEAD: ...democracy -- reforming democracy. It's just too
20 much. This book is going to hang or fall on things like Open Skies. We did
21 these things for good and sufficient technical and policy reasons and it
22 hangs or falls on yes it helped that. Yes, it did help that. And, yes, we
23 thought about that, but we didn't start out with that and then come up with

1 Open Skies.

2 MRS. WHITEHEAD: No, you didn't. And I agree with that, but you were
3 the popularizer of a certain word in the '70s called elitist and -- in terms
4 of these issues -- and you spoke about that often and you got into a lot of
5 trouble for calling the networks elitist and to skip from there to the way
6 that Brian described the net result of your work was in the dedication of
7 his book about understanding how technology could be used so that the media
8 could reach lots of people, could make these -- all the messages that were
9 circulating in the media reach lots of people --

10 MR. WHITEHEAD: But we've seen --

11 MRS. WHITEHEAD: ... is probably the cleanest way --

12 MR. WHITEHEAD: We've seen in this current campaign how the word
13 elitist can be twisted --

14 MRS. WHITEHEAD: Yes.

15 MR. WHITEHEAD: -- to mean almost anything you want it to mean.

16 MRS. WHITEHEAD: Yes, but at the time that you used it, it was a
17 reaction to a certain hegemony of the networks and the fact that regular
18 people -- as you like to call them -- people out there, as you used to say,
19 did not have access or representation in their points of view or in their
20 participation in the media.

21 MR. WHITEHEAD: Yeah. I'm just saying it's -- you can't make too much
22 of a stretch in this book, because it's not there and it makes the book much
23 less credible.

1 MS. BURGESS: But maybe what way we're agreeing is that it was a
2 motivation for you even if it wasn't your...

3 MRS. WHITEHEAD: It was his politics. It was Tom's politics

4 MR. EGER: You know the truth is, how we might play this, is that I
5 agree with Tom and I came to this conclusion myself. You can't have a
6 separate chapter saying, boy, this guy was really -- this was really open
7 government, this was really a democratic thing because you're busy doing
8 things. And you're not thinking about the moral or political implications.
9 Yet, anybody else coming to these issues who wasn't raised in the Midwest,
10 didn't have the non-linear background you had, didn't feel about a fellow
11 man the way you do would come to these issues very differently.

12 MRS. WHITEHEAD: That's true.

13 MR. EGER: So clearly someone who is writing a review or an article of
14 the book is going to see these things. But to the extent we can say, you
15 know, have Tom's voice say, "Well, Jesus H. Christ. We'll both use
16 something else if you -- if you don't like that." There were these eureka
17 moments. You came to it. You said, "This is not the way to go." It was
18 because of who you are, as well as what you knew was right or wrong. And
19 you could throw a line in there and say, you know, my father always used to
20 say, or Clay Senior used to say... Gosh, something to tell the reader that
21 this is a person who's coming with a point of view not just about the
22 technology but about life and society.

23 MRS. WHITEHEAD: I would revise that to say, a point of view not just

1 about the business model. It's business models that he really was
2 attacking, which is so obvious to you.

3 MR. EGER: Yeah. Right.

4 MRS. WHITEHEAD: But there was a social conscience that was operating,
5 a political conscience that was operating.

6 MR. EGER: Right.

7 MS. BURGESS: We can really bring that in right with talks about where
8 he came from.

9 MR. EGER: But since it's his voice he -- we have to be careful
10 because otherwise he is sounding --

11 MRS. WHITEHEAD: Righteous.

12 MR. EGER: -- holier than thou and righteous --

13 MRS. WHITEHEAD: Right.

14 MR. EGER: -- and that will kill anything you do.

15 MS. BURGESS: It's also not --

16 MRS. WHITEHEAD: It's not him.

17 MS. BURGESS: It's also not his voice. Right.

18 MRS. WHITEHEAD: It's not.

19 MR. EGER: It's not him. If there's one thing that people have
20 observed -- I certainly have -- is that you never take too much credit.

21 MR. WHITEHEAD: Right.

22 MR. EGER: You know. You kind of allow other people to take a lot of
23 credit and that's good in a way because somebody once said you can

1 accomplish anything in the world if you don't take too much credit.

2 MR. WHITEHEAD: Right.

3 MR. EGER: And I think you accomplished a great deal because you were
4 allowing other people to share in the limelight, but you can't say that,
5 see.

6 MR. WHITEHEAD: Right, that's why I'm not saying that. But you know I
7 think you can say somewhere in here that clearly we thought about the
8 ramifications of this for the federal government -- the role of the federal
9 government -- but that's about all.

10 MS. BURGESS: Were the FISA courts being created then? Did you
11 mention --

12 MR. EGER: Pardon me?

13 MS. BURGESS: Were the FISA courts being created then?

14 MR. EGER: Gee, I don't know.

15 MS. BURGESS: I don't know. I thought you had mentioned that, the
16 secret courts.

17 MR. EGER: Well, I said that - well, we're going to get into this in a
18 little bit, talk about privacy and the KGB. I had some little towelettes --
19 could you hand those to me?

20 MS. BURGESS: Oh, sure.

21 MR. EGER: One of the things, Tom, we might do is if, you know, if you
22 find a quote from a poet about technology and freedom, we can just put that
23 at the top. It's a -- you know, we can throw it in in the sidebar.

1 MRS. WHITEHEAD: A quote about...

2 MR. EGER: Well --

3 MRS. WHITEHEAD: Did you see the quote in Brian's dedication about Tom
4 and technology. That's the best thing I've ever read.

5 MR. EGER: Pardon me.

6 MRS. WHITEHEAD: The dedication of Brian's book to Tom.

7 MR. EGER: Yes.

8 MRS. WHITEHEAD: That's the best thing I've ever read.

9 MR. EGER: Oh, it was.

10 MR. WHITEHEAD: When was this written?

11 MS. BURGESS: This was after OTP and there is -- actually he discusses
12 you.

13 MRS. WHITEHEAD: Tom Whitehead who understands all technology that
14 human beings use --

15 MR. EGER: Exactly.

16 MRS. WHITEHEAD: -- but then the flip side of that is Tom Whitehead
17 who --

18 MS. BURGESS: I think you'll see some of your ideas here.

19 MRS. WHITEHEAD: -- who had this ABD in microeconomics.

20 MR. EGER: That's a great idea. That's a great idea.

21 MRS. WHITEHEAD: Who had this ABD in microeconomics who told him that
22 the business model for all this was way off.

23 MR. EGER: That's a fabulous idea. And I think having someone like

1 Brian --

2 MRS. WHITEHEAD: Yes.

3 MR. EGER: -- because he's recognized as...

4 MRS. WHITEHEAD: The people's media person.

5 MR. EGER: Yes, he is.

6 MS. BURGESS: And I'll tell you -- I'm sorry.

7 MR. WHITEHEAD: Brian Thompson was --

8 MR. EGER: Oh, the number two .

9 MRS. WHITEHEAD: Right.

10 MR. WHITEHEAD: Brian Thompson.

11 MR. EGER: Okay.

12 MR. WHITEHEAD: And he was supposed to be Bill's successor but didn't

13 make it for, I think, for political reasons.

14 MR. EGER: Brian Thompson, yeah.

15 MR. WHITEHEAD: And they brought in this [REDACTED] -- a technical term

16 there -- to be the head of MCI.

17 MR. EGER: Roberts?

18 MR. WHITEHEAD: Roberts.

19 MR. EGER: No. Larry Roberts.

20 MR. WHITEHEAD: It wasn't Larry Roberts.

21 MR. EGER: No.

22 MR. WHITEHEAD: It was something else Roberts.

23 MR. EGER: I know who you mean.

1 MR. WHITEHEAD: And Brian should have gotten the job, but didn't.

2 MRS. WHITEHEAD: Tom, do you want to talk about the conversation that
3 Bill McGowan had with you?

4 MR. WHITEHEAD: Which one?

5 MRS. WHITEHEAD: The one where he asked you to come and take over for
6 him.

7 MR. WHITEHEAD: Oh, yeah.

8 MR. EGER: Really?

9 MR. WHITEHEAD: Yeah.

10 MRS. WHITEHEAD: What did he say?

11 MR. WHITEHEAD: Well, he just asked me if I would consider being his
12 replacement.

13 MR. EGER: Wow.

14 MR. WHITEHEAD: And I said, "No." As I recall, I said, "No," because
15 I wanted to stay at OTP for awhile and I thought that being his replacement
16 would kind of tar me as an industry person, you know.

17 MR. EGER: No doubt about it.

18 MR. WHITEHEAD: So, I told him --

19 MR. EGER: The company would still be around, though.

20 MR. WHITEHEAD: I thought that -- yeah, the company would still be
21 around and that Brian was, you know, an obvious choice.

22 MR. EGER: Yeah.

23 MRS. WHITEHEAD: But then he came back to you, Tom, several times.

1 MR. WHITEHEAD: I don't remember him coming back to me.

2 MRS. WHITEHEAD: He did. And he was very upset, and he said, "When
3 are you going to come over here?" and "Why can't you come over here?" He
4 was quite emotional -- he was very emotional about it.

5 MR. WHITEHEAD: He wanted me to come, and I didn't want to come was
6 the bottom line.

7 MR. EGER: Yeah. I don't think we have a place for it in the book.

8 MRS. WHITEHEAD: No but it's a --

9 MR. EGER: It's interesting, yeah.

10 MR. WHITEHEAD: Yeah.

11 MR. EGER: Particularly since it went South and half of them, the top
12 people were in jail but it wouldn't happen if you had gone in there.

13 MR. WHITEHEAD: If I had gone in there, right.

14 MS. BURGESS: And actually we were talking about this yesterday, John,
15 about why it seems there might be a correlation between his success in the
16 business world and his success at OTP. Maybe, in part, the pattern
17 recognition that you were mentioning yesterday and also maybe in business
18 you need this ability to see the potential for something to exist that
19 doesn't already exist and I think we saw that in the number of the
20 businessmen that we read about when we were working together Bill Paley, I
21 don't know -- do you feel that could be accurate? I don't know. I'm not a
22 business person.

23 MR. WHITEHEAD: Maybe, but I think it's a stretch. I don't think it

1 belongs in the book.

2 MS. BURGESS: Okay.

3 MRS. WHITEHEAD: Tom, you talked about pattern recognition in relation
4 to the founding of ASTRA and the multiple things that had to happen for
5 ASTRA to work the way you envisioned it, in terms of the size of the
6 satellite dish, in terms of RTL, in terms of financing, in terms of the
7 business model for it which created essentially a monopoly in Europe. And I
8 asked you about that and you said it was pattern recognition and that was
9 not to do with OTP that you said that but I guess you could speak to whether
10 or not that applied to OTP.

11 MR. WHITEHEAD: I'm not sure what you're talking about.

12 MRS. WHITEHEAD: Okay. Well, it's rather complex.

13 MR. WHITEHEAD: Okay.

14 MRS. WHITEHEAD: But you did.

15 MR. WHITEHEAD: We'll come back to that.

16 MR. EGER: I know. I think to the extent we can work that in to this
17 is the way he was thinking about all things --

18 MRS. WHITEHEAD: His model for thinking.

19 MR. EGER: And again I'm reluctant to have you say too much about you
20 personally.

21 MRS. WHITEHEAD: Yeah.

22 MR. EGER: This is what I thought. This is what I -- because readers
23 can get turned off by that.

1 MRS. WHITEHEAD: He doesn't want that.

2 MR. EGER: Pardon me?

3 MRS. WHITEHEAD: He doesn't want that.

4 MR. WHITEHEAD: Okay so, where are we now?

5 MR. EGER: Well, we're going to break for lunch but --

6 MR. WHITEHEAD: Have we finished whatever we were doing?

7 MR. EGER: No. Well, we can put it off until tomorrow. I want to
8 talk about privacy, public broadcasting, what else?

9 MR. WHITEHEAD: We can talk about privacy --

10 MR. EGER: Later.

11 MR. WHITEHEAD: We can talk now.

12 MR. EGER: Now? Okay.

13 MR. WHITEHEAD: We can talk about that now because I don't recall that
14 much about it.

15 MR. EGER: Okay. All right.

16 MS. BURGESS: And then tomorrow, I think --

17 MR. EGER: Let's talk about that, okay?

18 MS. BURGESS: I'm sorry. I think we wanted to talk about the Cabinet
19 Cable Committee Report. Did you want to do that separately in addition to
20 all --

21 MR. WHITEHEAD: I'd like to have Henry here for that if that's
22 possible.

23 MS. BURGESS: Okay.

1 MR. WHITEHEAD: I don't know what Henry's schedule is.

2 MS. BURGESS: Okay. And then public broadcasting.

3 MR. EGER: Public broadcasting. That covers everything we want to
4 talk about.

5 MR. WHITEHEAD: Let's do privacy now.

6 MR. EGER: Okay.

7 MS. BURGESS: Okay.

8 MR. EGER: Where did you get the idea. I mean, if you could look down
9 the hall, what were you thinking about? Brian said --

10 MR. WHITEHEAD: Well, all these things that you just mentioned were
11 pinging on us and we -- I felt like we needed some way of dealing with it
12 and having an interagency committee, that sort of worked for the Cabinet
13 Committee so why not do it for privacy? I think that's the model I
14 followed.

15 MR. EGER: Right. But why did you choose Buchen? What was your --

16 MR. WHITEHEAD: Jerry Ford chose Buchen.

17 MR. EGER: Oh, Jerry Ford chose Buchen?

18 MR. WHITEHEAD: Yeah.

19 MR. EGER: But he was right down the hall from us. That's because
20 Jerry Ford -- that's because we were responsible for the privacy initiative
21 and so the logical place to put the head of the privacy initiative - or the
22 logical place to house that person was OTP because OTP was sort of the home
23 agency for that.

1 MR. EGER: Right. Did OTP support him? I mean, did you do a lot of
2 the work for Buchen?

3 MR. WHITEHEAD: What was Jerry Ford's role at the time?

4 MR. EGER: No. What was -- Jerry Ford was VP, right?

5 MR. WHITEHEAD: Right.

6 MR. EGER: But did OTP support Phil Buchen directly or...

7 MR. WHITEHEAD: Well, actually --

8 MR. EGER: Because I remember us being members of the --

9 MR. WHITEHEAD: After you've been hit over the head by the Majority
10 Leader and by the Vice President you sort of figure out that you don't want
11 to be hit over the head again.

12 MR. EGER: Got ya.

13 MR. WHITEHEAD: And he wanted Jerry Ford, so we wanted Jerry Ford.

14 MR. EGER: Ah. Okay.

15 MS. BURGESS: You mean...

16 MR. WHITEHEAD: I mean Jerry Ford wanted Phil Buchen, so we wanted
17 Phil Buchen.

18 MR. EGER: I understand. And Buchen became -- I mean, this privacy
19 thing became a big initiative.

20 MR. WHITEHEAD: It became quite a big initiative.

21 MR. EGER: Rockefeller replaced -- did he replace Ford?

22 MR. WHITEHEAD: I don't remember.

23 MR. EGER: Hey, remember there was called the Rockefeller Commission

1 on Privacy?

2 MR. WHITEHEAD: Yeah. I don't know why it didn't get more press. It
3 sort of disappeared.

4 MR. EGER: Well, for some reason, even though there's a big book, very
5 little was adopted into law.

6 MR. WHITEHEAD: I don't know.

7 MR. EGER: Yeah.

8 MR. WHITEHEAD: Of course, Phil went over to become the Counsel to the
9 President.

10 MR. EGER: Right, that's right.

11 MR. WHITEHEAD: So, I don't know who took his place. Some academic, I
12 think, took his place.

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: You're right. Not a lot -- I think there were a bunch
15 of recommendations but there wasn't a lot, really, that came up.

16 MR. EGER: To what extent did we become -- the agency become infused --
17 -- I don't know if that's a right word -- with a sense of privacy that we
18 were concerned so that when the FBI began listening in to phone calls
19 through [INAUDIBLE], part of our letters and I noticed you got the Burnham
20 book, which is great, *The Rise of the Computer State*. Burnham was covering
21 all this for *The New York Times* and he reprinted a lot of things you did and
22 then I did subsequently on privacy. And this became a big concern and you
23 were the agency who was watching other agencies --

1 MR. WHITEHEAD: Right.

2 MR. EGER: -- against abuses.

3 MR. WHITEHEAD: Right.

4 MR. EGER: Do you know, I mean, how that happened? I mean, how did we
5 become the enforcement agency for privacy concerns?

6 MR. WHITEHEAD: Just because we were the home agency for the
7 Interagency Committee. I think people felt that an interagency committee
8 was more objective than any one agency with an ax to grind.

9 MR. EGER: Maybe Charlie Joyce --

10 MR. WHITEHEAD: I think I was gone by that time.

11 MR. EGER: Were you? No, I think -- Burnham has some of your letters.

12 MR. WHITEHEAD: Okay.

13 MR. EGER: Doesn't he?

14 MS. BURGESS: I don't know.

15 MR. WHITEHEAD: You can look that up.

16 MS. BURGESS: You said you inherited some stuff.

17 MR. EGER: I inherited this because -- well, Joyce had come in and
18 he'd say. We have to send this letter. Tom was really supportive of this.

19 MS. BURGESS: Uh-huh.

20 MR. EGER: Now, he may have been just, you know, twisting my arm or
21 something, but we wrote letters to the Federal Reserve, to the FBI.

22 MR. WHITEHEAD: Yeah, I remember. At least, I think I remember that.

23 MR. EGER: Because of the things that your inquiries you had started

1 said look into this to Charlie. Maybe you just said, "Look into this. I
2 don't think we should be doing this." And, again, Burnham has a lot of this
3 stuff.

4 MS. BURGESS: Uh-huh.

5 MR. WHITEHEAD: We were really concerned about the intrusions that the
6 federal government was making.

7 MR. EGER: Right.

8 MR. WHITEHEAD: And we were concerned that other people were talking
9 to us about these intrusions and telling us that it was a bad thing and we
10 agreed it was a bad thing.

11 MR. EGER: Yeah, and somebody actually told them.

12 MR. WHITEHEAD: Which leads to a funny story.

13 MR. EGER: Please.

14 MR. WHITEHEAD: I gave some testimony which was laying out -- I think
15 it was laying out the policy for setting up the Agency on Privacy -- and
16 this story will have a particular interest for one of the people at this
17 table. The -- I hope you have the testimony.

18 MS. BURGESS: Uh-huh.

19 MR. WHITEHEAD: Then I'll just make this story quick. The -- I was
20 laying out why we thought this was an appropriate thing.

21 MR. EGER: Yeah.

22 MR. WHITEHEAD: Everybody here is grinning. And the - of course, I
23 was a Republican and the Congress was Democratic. So, in walks Bella Abzug.

1 For the children in the audience, Bella was a congresswoman from New York
2 and she was a colorful character.

3 MR. EGER: Bellicose. Bellicose. Bellicose. --

4 MR. WHITEHEAD: Was that her nickname?

5 MR. EGER: That's what I call her. Bellicose Abzug.

6 MR. WHITEHEAD: Anyway. Bella was a colorful character both in her
7 politics and the way she talked and in the hats she wore. She wore these
8 huge colorful hats, and so everybody knew Bella. So, I'm giving my
9 testimony and Bella comes in late and comes around to her time to question
10 me and she's all over me. You know, she's looking at the testimony. Why
11 are you saying this and why are you saying that and yadda, yadda, yadda.
12 And I said, "Well, we're actually supporting this agency." She said, "Oh,
13 well, then, you know, why are you doing this? Why are you advocating so and
14 so." And I said, "Well, because we think privacy is a major issue." And so
15 forth and so on. And then she said something, I think about, the record
16 will correct me. She said something about my children. And she said, "Your
17 children will have a different view. You'll feel differently about this
18 when you have children. And you'll want to protect their privacy." And she
19 said, "But maybe you don't have children yet." And I said, "Well, it's true
20 that I don't have children, but still I understand your concern. And I
21 support what you're saying." So, she is just getting very frustrated with
22 me because I was agreeing with her on every single point and she couldn't
23 get me to disagree. And she said, "Well, maybe you don't have children but

1 you've never been a mother." And I said, "I will stipulate that I have
2 never been a mother."

3 MR. EGER: That's funny. Well, I'm sure that was unusual for her to
4 have a Republican during the Nixon administration come up and defend
5 privacy.

6 MR. WHITEHEAD: Defend anything that she agreed with.

7 MR. EGER: Well, anything she -- yeah, that's right.

8 MR. WHITEHEAD: I just remember she was so frustrated that she
9 couldn't understand why this Republican --

10 MR. WHITEHEAD: That is a great story.

11 MR. WHITEHEAD: -- why is this Republican agreeing -- why is this
12 Republican agreeing with her? So, I stipulated that I had never been a
13 mother.

14 MR. EGER: That is a great story to open a chapter with.

15 MS. BURGESS: Uh-huh.

16 MR. WHITEHEAD: Yeah.

17 MR. EGER: Because it helps explain a lot of the things that you went
18 and subsequently did.

19 MS. BURGESS: Uh-huh.

20 MR. EGER: I don't know whether you want to comment on the Soviet
21 espionage listening in -- privacy issue.

22 MR. WHITEHEAD: I don't know how much of that is still classified,
23 John. Is any of it still classified?