

1 MR. EGER: I don't know either.

2 MR. WHITEHEAD: The only thing I remember that may still be classified  
3 is the building on the Soviet embassy on 18th street. Do you remember that?

4 MR. EGER: I don't. I was going to talk to you about the one in  
5 Moscow where we had the complaint because they were -- there was an  
6 ambassador that had a blood disease and it was because -- we think it was  
7 because they were reading lip prints off the glass. The Soviets were --

8 MR. WHITEHEAD: Yeah..

9 MR. EGER: -- aiming lasers at the glass.

10 MR. WHITEHEAD: Well, they were doing that.

11 MR. EGER: Because you got the complaint from Columbia University  
12 about satellites and how everybody was going to be neutered because of this  
13 spectrum exposure?

14 MS. BURGESS: Wait. You've just mentioned two things that I haven't  
15 heard before. The embassy on -- did you say 18th Street?

16 MR. WHITEHEAD: I said 18th Street.

17 MS. BURGESS: The Soviet Embassy. What about it? The building on it?

18 MR. WHITEHEAD: That's the part that I think may still be classified.

19 MR. EGER: Probably still is.

20 MS. BURGESS: Oh.

21 MR. EGER: Probably still is. I didn't get that briefing either.

22 MR. WHITEHEAD: I --

23 MS. BURGESS: And if it isn't classified. It will probably be

1 reclassified by this administration.

2 MR. WHITEHEAD: It's the only thing that I am reluctant to talk about.

3 MS. BURGESS: Okay.

4 MR. WHITEHEAD: Because the embassy has been moved. But it's been  
5 moved to a point -- a place where it's even more accessible to --

6 MR. EGER: You know -- I think I did hear --

7 MR. WHITEHEAD: -- American --

8 MR. EGER: -- they were listening to -

9 MR. WHITEHEAD: -- interception.

10 MR. EGER: They were listening.

11 MR. WHITEHEAD: Yeah, well, it goes beyond that.

12 MR. EGER: It goes beyond that, okay. Well I do know that it --

13 MR. WHITEHEAD: So, what was the other thing you haven't heard about?

14 MS. BURGESS: You were talking about overseas, that the ambassador was  
15 getting some -- No. I'm sorry. Not necessarily the ambassador, but his --.

16 MR. EGER: Well, it was a spectrum issue. There was a group -- I  
17 don't think it's worth it--

18 MS. BURGESS: It's not? Okay. I didn't know if this was an OTP  
19 issue.

20 MR. EGER: -- who said that you shouldn't be giving out all these --  
21 you shouldn't be --

22 MS. BURGESS: Emissions.

23 MR. EGER: -- spectrum because non-ionizing radiation causes cancer or

1 something and there was some group of nuts at Columbia --

2 MR. WHITEHEAD: This is --

3 MR. EGER: -- who wrote a letter to Tom saying, you know, you really  
4 should have your spectrum people look at these issues.

5 MR. WHITEHEAD: It's the same issue as what makes people scared of  
6 using their cell phone.

7 MR. EGER: Yeah. It's ridiculous, so it's certainly not worth it.

8 MR. WHITEHEAD: It's really -- and we created another one of our  
9 federal interagency committees, and it was made up of people from NIH and  
10 other places. And the conclusion was that it caused no -- there was no  
11 danger.

12 MR. EGER: People are still debating that -- they --

13 MR. WHITEHEAD: But they're still debating it -- it's because of the  
14 word "radiation."

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: People think that anything that uses the word  
17 radiation -- anything that radiates is like nuclear radiation. It's -- non-  
18 ionizing radiation is radiation like nuclear radiation, and therefore it  
19 must be bad and it must be bad for you and therefore we out ought to ban it  
20 and so on. And people are constantly looking for cases to -- or arguments  
21 to -- show that cell phones and cordless phones and, you know -- What they  
22 don't realize is that almost every device that we use -- WIFI, all those  
23 things involve a non-ionizing radiation. So we're around it. Radio is non-

1 ionizing. Television is non-ionizing radiation. It's been around us since  
2 1920, and it's going to be around us for forever and there's no evidence  
3 whatsoever that it causes any damage. Anyway, it's the same issue.

4 MS. BURGESS: Okay.

5 MR. EGER: I don't think it's worth anymore.

6 MS. BURGESS: Yeah.

7 MR. WHITEHEAD: It's worth a few footnotes maybe.

8 MR. EGER: Maybe. Well, it's worth our charge of spectrum --

9 MR. WHITEHEAD: Right, so we had to look at it, and we looked at it  
10 seriously, and we had a bunch of experts from different agencies look at it.

11 MR. EGER: Yeah.

12 MR. WHITEHEAD: And there was nothing there.

13 MR. EGER: Well, you know, I originally had a long list of things, and  
14 that was one of them, but I don't think it was worth spending a lot of time.

15 MR. WHITEHEAD: No, it's not.

16 MR. EGER: There was an issue you had -- and again I don't think it's  
17 worth anything -- but it's really -- we've seen some egregious examples  
18 lately and that was a policy that you were thinking about developing - that  
19 you maybe even developed - about the use of audio-visual materials by  
20 government agencies. You know, it was the idea that people would pat  
21 themselves on the back by running commercials. They would produce the  
22 commercials and then send them out to the television and radio stations.

23 MR. WHITEHEAD: Yeah.

1 MR. EGER: And you were, you know... it was one of those things where  
2 you said, "Government shouldn't be doing that. Government shouldn't be  
3 tooting its own horn this way, and deceptively putting out films and  
4 commercials as though it were news." Do you --

5 MR. WHITEHEAD: I do remember that.

6 MR. EGER: I don't think it's worth talking about. It never had any  
7 headway. I mean, this administration, of course, has used that technique  
8 very successfully.

9 MS. BURGESS: Uh-huh.

10 MR. WHITEHEAD: That's because federal government -- That's because  
11 everybody uses --

12 MR. EGER: Yeah.

13 MR. WHITEHEAD: What's the software program -- PowerPoint.

14 MR. EGER: Yeah.

15 MR. WHITEHEAD: Since everybody is using PowerPoint, nobody is  
16 concerned about it, so I don't think it's an issue.

17 MR. EGER: I thought it was noble. It was a great effort, but it  
18 never went anywhere. I have one last thing and that's to talk about public  
19 broadcasting.

20 MR. WHITEHEAD: That's a whole issue all by itself.

21 MR. EGER: Yeah. Do you want to hold off until tomorrow?

22 MR. WHITEHEAD: Yeah.

23 MR. EGER: Oh. Okay.

1 MS. BURGESS: Before we wrap up, can I ask you a question? We were  
2 just talking about privacy and we talked -- I think you had said that this  
3 was a big issue that no one paid a lot of attention to. And I wonder if --  
4 and this might be tied to public broadcasting but it might be just the  
5 events that were happening in the world at that time. Do you think that  
6 they were -- the media was just distracted by other things and so they  
7 didn't focus on what you were accomplishing via privacy or do you think OTP  
8 was just not interested in -- I don't know. Do you think you felt like you  
9 would be more successful if you didn't get as much attention because then  
10 you could maybe accomplish more of your objectives with lesser scrutiny?

11 MR. WHITEHEAD: I think the issue of privacy just wasn't getting a lot  
12 of traction. People were concerned about it, but it was more the special  
13 interest groups that were concerned with it and it didn't become an issue of  
14 wide public concern.

15 MS. BURGESS: They were more concerned with...

16 MR. WHITEHEAD: Other things.

17 MS. BURGESS: Right. The war, Watergate -- well, that hadn't  
18 happened, yet.

19 MR. EGER: You know, I was prepared to -- but you know you're right.  
20 Right now we still haven't passed much privacy law.

21 MS. BURGESS: Uh-huh.

22 MR. EGER: I guess, Tom, because it's not getting traction but there  
23 are still a lot of abuses and we're way behind the rest of the world in

1 terms of protecting the rights of privacy, it's gotten so bad that --

2 MR. WHITEHEAD: But you've got FISA.

3 MS. BURGESS: And HIPAA was something else you said came out of it.

4 MR. WHITEHEAD: That's a human rights issue.

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: It depends on how you label these things.

7 MR. EGER: Yeah.

8 MR. WHITEHEAD: If you label it human rights, it gets a lot more  
9 traction than if you label it privacy.

10 MR. EGER: You're absolutely right. Yeah.

11 MR. WHITEHEAD: So, back then if you had labeled something a human  
12 rights issue, you might have gotten more traction.

13 MR. EGER: Yeah. Yeah.

14 MR. WHITEHEAD: I don't know.

15 MR. EGER: Yeah. That's still true today. Privacy just doesn't have  
16 the caché. Scott McNealy, the head of Sun Microsystems, said it's a joke.  
17 Privacy is a joke. Before giving up their life history for a six-pack of  
18 Coca-Cola. You know the frequent flyer programs. So I don't know. Maybe  
19 it's too late. I don't know.

20 MR. WHITEHEAD: Why don't we eat while we...

21 MR. EGER: Yeah.

22 MS. BURGESS: Okay.

23 MRS. WHITEHEAD: Can we go down a list of the questions that I had?

1 One was, have you addressed the suppression of OTP, the whole idea of OTP at  
2 the beginning, and the idea of OTP being born and the way it was suppressed  
3 by these various government agencies? I mean, is that important to you?  
4 Because it really was --

5 MS. BURGESS: The Rostow report?

6 MR. EGER: Yeah.

7 MRS. WHITEHEAD: We don't need to discuss it now, but it was terrible.  
8 It was very upsetting and frustrating and there was just one slap after  
9 another. It was just like a whole new creature being born in the federal  
10 government in that everybody -- some -- different cabinet officers and  
11 powers that be woke up to it at different times, sometimes long after it was  
12 established and it affected them and some at the very beginning. So, that's  
13 a question. [REDACTED]

14 [REDACTED]

15 MR. EGER: [REDACTED]

16 MRS. WHITEHEAD: [REDACTED]

17 MR. WHITEHEAD: [REDACTED]

18 MRS. WHITEHEAD: [REDACTED]

19 MR. WHITEHEAD: [REDACTED]

20 MRS. WHITEHEAD: [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]



1

[REDACTED]

2

[REDACTED]

And

3 the story of the idea behind the founding of Astra and the technology for

4 Astra is really wonderful...

5 MR. WHITEHEAD: That comes later.

6 MRS. WHITEHEAD: ...and a story that nobody knows. And also something

7 that's worth a little -- maybe a third of a paragraph is the passing over to

8 Tom from the Johnson administration of the responsibilities for

9 telecommunications and what he found there. And that is really a pivotal

10 thing, I think, for you to talk about, because there was so little and he

11 realized that when he talked to them. He was astounded and that was before

12 he became Special Assistant. I mean the Johnson people were still in the

13 White House.

14 MS. BURGESS: Did we discuss that already, Tom, about Lady Bird

15 Johnson's television stations that they didn't want to get into it. That

16 the Rostow report was buried.

17 MR. EGER: Yeah.

18 MRS. WHITEHEAD: [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 MS. BURGESS: I don't think I heard that. Did you hear that, John?

23 MR. EGER: Now that I didn't hear. I know Wally Baehr went to RAND.

1 I didn't know that he was involved in the Johnson --

2 MRS. WHITEHEAD: [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 MRS. WHITEHEAD: [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 MR. EGER: [REDACTED]

12 MRS. WHITEHEAD: [REDACTED]

13 MR. EGER: [REDACTED]

14 MRS. WHITEHEAD: [REDACTED]

15 [REDACTED]

16 MRS. WHITEHEAD: And there was some memo to Haldeman from Nino? That  
17 was a wonderful story.

18 MR. WHITEHEAD: That's a neat story.

19 MRS. WHITEHEAD: That's a funny story.

20 MS. BURGESS: And the public broadcasting?

21 MR. EGER: You know what? We should probably take some of these one  
22 by one.

23 MS. BURGESS: Absolutely.

1 MRS. WHITEHEAD: I know but I'm just giving it to you. Also that Tom  
2 thought of the idea of the Bureau of the Budget before it had ever been  
3 thought of. It was in the air, and we found out later that other people had  
4 thought of it. But he thought of the idea of the Bureau of the Budget when  
5 he was at RAND.

6 MR. WHITEHEAD: No. The Bureau of the Budget existed.

7 MRS. WHITEHEAD: You thought of the idea of ...

8 MR. WHITEHEAD: I was one of the people who thought that there should  
9 be an Office of Management and Budget which dealt with policy issues, as  
10 well as budget issues.

11 MRS. WHITEHEAD: That was not being done.

12 MR. WHITEHEAD: And that was not being done. And that was really what  
13 I came to the White House -- I thought -- to do.

14 MR. EGER: Yeah.

15 MR. WHITEHEAD: And I guess we can talk about that.

16 MR. EGER: Look at that. That could --

17 MRS. WHITEHEAD: So, there's a lot of stuff --

18 MR. EGER: You were the first chapter --

19 MR. WHITEHEAD: What was the funny story?

20 MRS. WHITEHEAD: The funny story about Nino writing a memo to  
21 Haldeman. It was so funny.

22 MR. WHITEHEAD: Oh, yeah. Let me tell that one before I forget about  
23 it. What was the issue? Oh. Haldeman wrote me a memo, which is probably in

1 those files somewhere, telling me to tell CPB to kill a particular program.  
2 I've forgotten the name of the program. But it was a very direct order:  
3 "Kill such and such program."

4 MRS. WHITEHEAD: Henry will know.

5 MR. WHITEHEAD: And so I got the troops together. I imagine you were  
6 there, I don't know, and we talked about this and we all agreed that I  
7 couldn't do it. It wasn't going to happen. But how do you deal with  
8 Haldeman?

9 MR. EGER: Yeah.

10 MR. WHITEHEAD: Do you tell him you can't do it? That it's against --  
11 What do you tell him? And so, as we were talking about this, Nino says,  
12 "Well," he said, "Write him a memo that you can't do it because it's against  
13 the law." And I said, "Is it against it the law?" And he said, "Hell, I  
14 don't know, but they won't know either."

15 MRS. WHITEHEAD: Maybe you shouldn't write that after all.

16 MR. EGER: I don't think so.

17 MRS. WHITEHEAD: I don't think Nino would like that chapter.

18 MR. EGER: He wouldn't like that.

19 MR. WHITEHEAD: He would like that.

20 MR. EGER: Yeah, he'd be on 60 Minutes again.

21 MR. WHITEHEAD: So I wrote a memo that says, you know, it's against  
22 the law. I never heard any more about it.

23 MS. BURGESS: You could say a young attorney in my office piped up and

1 said..

2 MR. EGER: That's funny.

3 MR. WHITEHEAD: "My general counsel says..." "My general counsel, who  
4 will be a supreme court justice..."

5 MR. EGER: Margaret, you asked a question -- a couple of questions  
6 about the -- the OTP -- the reason they came up with the term stealth..

7 MRS. WHITEHEAD: That's so true.

8 MR. EGER: ...is that everything we had to do was a fight. Everything!

9 MRS. WHITEHEAD: Everything.

10 MR. EGER: It was always a fight. You know, thank goodness for Brian  
11 and *The New York Times*. He had all these relationships with the media and  
12 he could plant a story but -- and we had friends. We had friends in the  
13 Senate and the House. We were always tweaking the friends.

14 MRS. WHITEHEAD: I know.

15 MR. EGER: Building the coalitions to almost everything. And I don't  
16 know how we deal with that. Because I'm not sure, which is why -- I'm kind  
17 of still interested in the fact that Open Skies was developed without OTP  
18 and almost before everyone knew it, Open Skies was accepted. Everything  
19 that happened --

20 MRS. WHITEHEAD: It's just a little bit before lunch.

21 MR. WHITEHEAD: I've got to eat and then I've got to go home.

22 MRS. WHITEHEAD: This way. Other way. Other way. That's right.

23 MR. EGER: I guess the question, Tom, is: even though Presidential

1 policy making is of paramount importance -- maybe now more than ever -- can  
2 OTP ever exist again?

3 MR. WHITEHEAD: Well, I don't think it can exist in the White House,  
4 although I think it ought to, because it cuts across so many other agencies.

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: But the trend is definitely against agencies in the  
7 White House, and I just think it would be hard. Maybe there is another way  
8 to have an agency that cuts across multiple federal agencies, but I'm not  
9 sure what it is.

10 MR. EGER: Well, the only thing I can think of is to have something in  
11 OMB that's like a small group of people like you or someone with your  
12 background, who understands the issues and also understands budgetary  
13 concerns and, as a matter of management, you know, begins to formulate or  
14 shape policies and strategies.

15 MR. WHITEHEAD: You get back, though, to the issue of communications  
16 and communications is a policy issue that implies content as well as  
17 infrastructure.

18 MR. EGER: Yeah, it does.

19 MR. WHITEHEAD: So, having an agency that deals with content and  
20 infrastructure is very difficult, and yet the two are intertwined.

21 MR. EGER: Right.

22 MR. WHITEHEAD: I don't know the answer.

23 MR. EGER: Let me suggest that maybe --

1 MR. WHITEHEAD: You could set up something. I mean, we do have the  
2 model of non-cabinet agencies that are not in the White House.

3 MR. EGER: Ah. Okay.

4 MR. WHITEHEAD: I mean we have the National Science Foundation.

5 MR. EGER: Yeah, okay.

6 MR. WHITEHEAD: We have -- we do have other agencies.

7 MR. EGER: That's right. Okay.

8 MR. WHITEHEAD: So that neutralizes a lot of the White House political  
9 influence.

10 MR. EGER: Are you with us, Susan? You're looking like you're --

11 MS. BURGESS: Uh-huh. Oh, I was just -- when you say content and  
12 infrastructure, I understand what you mean by infrastructure but what do you  
13 mean by content? Do you mean -- I just want to understand.

14 MR. WHITEHEAD: Well, the issue on indecency what we were working on.  
15 To deal with that you've got to deal with the content of what the networks  
16 are broadcasting.

17 MS. BURGESS: Okay.

18 MR. WHITEHEAD: And so, to take a position on that implies that you're  
19 pro or con CBS.

20 MS. BURGESS: So, are you saying -- I thought -- this is where I need  
21 correction. I thought you disliked the fact that there was something such  
22 as the FCC that did involve itself in content regulation, and so are you  
23 saying you would want something within the White House that would be

1 interested in content or someone just has to be there to say -- I guess I'm  
2 just confused.

3 MR. WHITEHEAD: I guess I'm confused too.

4 MR. EGER: If you're in the White House and -- I was asking Tom this -  
5 - there are a whole bunch of people, like the Haldemans, you know, saying,  
6 "Hey, you, kill that program," there were a lot of people, Herb Kline,  
7 Colson, Haldeman, Erlichman who wanted Tom to do their dirty laundry. You  
8 know, most of us were, I don't like what's happening. At the same time,  
9 having the elevation of the President, as the President's personal adviser,  
10 gives you status. What Tom is saying is move it out of the White House, but  
11 don't bury it like the NTIA.

12 MS. BURGESS: Okay.

13 MR. EGER: Give it separate status, like NSF.

14 MR. WHITEHEAD: She's raising the point, why can't the FCC deal with  
15 this? And I guess what I'm saying is that the FCC would deal with it as a  
16 political content matter. I'm not sure I know --

17 MR. EGER: You know as a lawyer --

18 MR. WHITEHEAD: I'm not sure I see the -- and the FCC is a non-profit  
19 -- excuse me -- the FCC is an agency created by the federal government,  
20 created by Congress.

21 MR. EGER: We usually think of those agencies as being arms of  
22 Congress and under the Constitutional system --

23 MR. WHITEHEAD: And arms from the President.



1 MR. EGER: The President should take the Chief Executive leadership.  
2 The FCC is an arm of Congress, which is legislative.

3 MS. BURGESS: Right. I guess I thought --

4 MR. WHITEHEAD: The real issue here is that the FCC is going to deal  
5 with this as a matter of politics. And what they ought to do is what we're  
6 going to say which is that as a matter of public policy, the federal  
7 government should not be involved in regulating --

8 MS. BURGESS: Content.

9 MR. WHITEHEAD: -- the content of television stations.

10 MS. BURGESS: So, now I understand. You're -- you think that there  
11 should be someone in the White House that always reminds people that --

12 MR. WHITEHEAD: No. I'm not saying that. I'm saying that the  
13 existing FCC is going to decide this issue wrongly is what I'm saying. They  
14 will treat it as a political issue and they won't deal with it as a public  
15 policy issue of how the federal government should be dealing with these  
16 kinds of issues. So, OTP would have dealt with it in an entirely different  
17 way.

18 MRS. WHITEHEAD: Do you mean public policy based on economic  
19 considerations and competition and so on and business models?

20 MR. WHITEHEAD: Well --

21 MRS. WHITEHEAD: What do you mean by "public policy issue?" "They  
22 won't treat as a public policy issue?"

23 MR. WHITEHEAD: I mean they won't treat it as an issue of the politics

1 of pro and con of should this kind of programming be allowed on a television  
2 station? I'm not very clear in my own mind what I'm saying here.

3 MS. BURGESS: I think I sidetracked us and derailed us. So I  
4 apologize.

5 MR. WHITEHEAD: No. It's an issue that needs to be dealt with.

6 MS. BURGESS: We can come back to this after lunch.

7 MR. EGER: I think it's worth talking about.

8 MR. WHITEHEAD: It's worth talking about.

9 MR. EGER: And getting a perspective on it, because I still believe,  
10 personally, in the separation of powers. I mean, such as they are, with the  
11 Congress passing laws and regulations, the FCC being an arm of Congress,  
12 it's like the court adjudicating things. The executives speaking out on  
13 major policy issues, and it's the reason why -- as we look forward -- we  
14 should be always looking forward saying, "Can we do things better? Can we  
15 do things better?"

16 When you have five or seven people confirmed by the Congress, subject  
17 to the time they would get up here and testify on manipulation and abuse,  
18 you just don't have the same sort of independence the Executive has.

19 MR. WHITEHEAD: And the Executive had a part of -- a big part of the  
20 rationale for OTP was that the Executive had its own spectrum and so the  
21 idea that the President needed his own advisor to advise him on spectrum  
22 issues and other such things made some sense.

23 MR. EGER: Well, because OTM existed long before the FCC.

1 MR. WHITEHEAD: Long before that. So, I think the argument for OTP as  
2 a policy-making body is difficult without the federal spectrum part of it.

3 MS. BURGESS: I guess that's why I was a little confused.

4 MR. EGER: I don't know if I agree with you, Tom, because I think it  
5 even when Nick Zapple and Pastore were saying they wanted you to speak for  
6 the President about where we should take the country, as we had this bold  
7 new future.

8 MR. WHITEHEAD: This bold new age. Right.

9 MR. EGER: They didn't think the FCC could do that. These things  
10 required leadership.

11 MR. WHITEHEAD: Right.

12 MR. EGER: You know, and I don't think that anybody ever thought of a  
13 regulatory agency, even the chairman, as being a great leader.

14 MR. WHITEHEAD: That's true.

15 MR. EGER: You spoke for the President. That means you -- they came  
16 to you when they wanted letters, you know, when they wanted the President to  
17 say something about anything.

18 MR. WHITEHEAD: Well, that's true.

19 MR. EGER: Yeah. They didn't care. I just read that letter. The  
20 President today says, "Have a good meeting. Don't drink too much."

21 MR. WHITEHEAD: I've got to think about that one. You guys want to  
22 eat?

23 MR. EGER: Yeah. (AUDIO ENDS)

1 MRS. WHITEHEAD: (AUDIO BEGINS). . .eccentric story about the entire  
2 Congress.

3 MR. EGER: Really?

4 MRS. WHITEHEAD: Oh absolutely.

5 MR. EGER: Well, you know --

6 MRS. WHITEHEAD: Did everyone get a napkin? Did you get a napkin?

7 MR. EGER: I got a napkin. I was with CBS and was talking with  
8 Luxembourgers about --

9 MRS. WHITEHEAD: I remember that. That's when you used to ride around  
10 in a big, long car. I remember that.

11 MR. EGER: -- trying to create -- a thing, and Candice Johnson didn't  
12 seem to understand what she's was going to do, and I said, "You know, --"

13 MRS. WHITEHEAD: She didn't seem to understand what?

14 MR. EGER: -- this idea of DBS, which she was hung up on. Big powerful  
15 Direct Broadcasting Satellites. And I said, "You know, you should really  
16 talk to Tom Whitehead and hire him."

17 MRS. WHITEHEAD: Oh, that's interesting.

18 MR. EGER: And she did. She called him.

19 MRS. WHITEHEAD: You did that?

20 MR. EGER: Yeah. Oh, because Phil Buchen always took credit for that.

21 MR. EGER: Phil Buchen?

22 MRS. WHITEHEAD: Yes. He was a big social friend. They were on the  
23 embassy circuit --

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

2 MRS. WHITEHEAD: They were on the embassy circuit -- is this running?

3 MS. BURGESS: Uh-huh.

4 MRS. WHITEHEAD: They were on the embassy social circuit with Candice  
5 and what was the terrible name?

6 MR. EGER: Etaneé or something. Etaneé.

7 MRS. WHITEHEAD: Ariadne. What was his name?

8 MR. EGER: I always wanted to say it was Etaneé.

9 MRS. WHITEHEAD: No. What was Candice's husband's name? Oh, that's  
10 very interesting.

11 MR. EGER: Well, CBS wanted -- You know, we were very serious about  
12 partnering with Luxembourg, if they ever could figure out what they were  
13 going to do.

14 MRS. WHITEHEAD: With RTL?

15 MR. EGER: Yeah. Because Goose Cross -- remember Goose?

16 MRS. WHITEHEAD: Uh-huh.

17 MR. EGER: -- and Pierre Werner? And I had been over several times,  
18 but they didn't know what the hell they wanted to do and Tom came in and  
19 said, "Look, you should go with low-powered satellite and that way you can  
20 get by your board." At least that's the story I heard. The board wasn't  
21 fighting them on DBS and fighting the idea that maybe CBS or Time Warner  
22 would come in under the radar. At least, that's what I heard.

23 MRS. WHITEHEAD: That's -- all these years I never knew that, John.

1 That's so interesting.

2 MR. EGER: No, we had several meetings with Candice and her husband  
3 here in Washington.

4 MR. WHITEHEAD: They were -- RTL was very --

5 MRS. WHITEHEAD: What was his name?

6 MR. WHITEHEAD: -- concerned that someone here from the U.S. would  
7 come in.

8 MRS. WHITEHEAD: Tom, what was the technology that you kept telling me  
9 was possible all those years that you found possible when we went to the  
10 Date Festival?

11 MR. WHITEHEAD: It wasn't all those years.

12 MRS. WHITEHEAD: Yes, you told me for several years before you -- --  
13 the Date Festival that this was possible. What was the technology? Was it  
14 direct broadcast?

15 MR. WHITEHEAD: Well, yeah, depending on how you define it.

16 MRS. WHITEHEAD: What?

17 MR. WHITEHEAD: Depending on how you define direct broadcast.

18 MRS. WHITEHEAD: Well, the technology that you used in Luxembourg.  
19 What was it? I just can't remember. Pulling down signals from the  
20 satellite with those little satellite dishes.

21 MR. WHITEHEAD: Oh. It was no one technology.

22 MRS. WHITEHEAD: Do you want to tell this story or shall I? You tell  
23 it.

1 MR. WHITEHEAD: Well, I was -- everybody knew that there were lots of  
2 new technologies coming on the horizon. The Europeans were all fixated on  
3 extremely high powered --

4 MR. EGER: Right --

5 MR. WHITEHEAD: -- big, Battlestar Galactica satellites.

6 MR. EGER: Yeah.

7 MR. WHITEHEAD: And they were persuaded that these big satellites  
8 would give them the next generation of satellites which would allow them to  
9 compete with Hughes and the other manufacturers -- other American  
10 manufacturers.

11 MR. EGER: Yeah.

12 MR. WHITEHEAD: And so, it's the same kind of thing that drives them  
13 on Airbus. You know, they really want to build the next generation of --

14 MR. EGER: Yeah.

15 MR. WHITEHEAD: -- airliners, fighter aircraft, you know, whatever it  
16 is, and they've wanted to do it since -- I don't know when it started. A  
17 long time ago. So, they were persuaded that these very high-powered, big  
18 satellites were the answer. And they had been given -- each country had  
19 been given a number of frequencies --

20 MR. EGER: Right.

21 MR. WHITEHEAD: -- corresponding to a number of channels. And so the  
22 Brits and the Germans and the French got together and launched a joint  
23 program to build these satellites. And so they were building these

1 satellites as a joint technology program like they're building Airbuses as a  
2 joint technology program.

3 MR. EGER: Right.

4 MR. WHITEHEAD: So that was the ax they were grinding. And I was not  
5 much concerned with that issue. I thought it was stupid but I wasn't much  
6 concerned with it. I had just done Galaxy and was at that point more  
7 interested in building Galaxy as a monopoly business model, so that -- as I  
8 told you, we were not interested in Open Skies at that point. We were  
9 interested in multiple satellite channels, and we would decide who was going  
10 to be on those channels. So, we did have 16, 16 transponders, which -- and  
11 I think there were, there were 24 on each satellite, and I think there were  
12 16 protected and, which meant that there was another satellite over there  
13 that --

14 MR. EGER: Yeah.

15 MR. WHITEHEAD: -- had channels in case your channel failed. So, if  
16 your channel -- if you had a protected transponder, one of the 16 -- and  
17 your transponder failed, then we switched you over to a transponder on the  
18 other satellite and one of the transponders on the other satellite was  
19 switched to use on the -- to take over.

20 MR. EGER: Yeah.

21 MR. WHITEHEAD: And the poor guy who had the transponder on the other  
22 satellite lost it.

23 MR. EGER: I heard something like that.



1 MR. WHITEHEAD: Brian Lamb, C-SPAN got one of the unprotected  
2 transponders, and that was my way of giving him a transponder at a very low  
3 price because we didn't really expect these transponders to fail. So,  
4 giving him multiple -- giving him an unprotected transponder, you know, at a  
5 very low price seemed like a reasonable thing to do.

6 MR. EGER: Yeah. He's really very grateful. I wanted to ask you  
7 about the Luxembourgers. I heard a story --

8 MR. WHITEHEAD: I haven't gotten to the Luxembourgers yet.

9 MR. EGER: Okay. Okay.

10 MR. WHITEHEAD: So, how did I get into the Luxembourg thing? There  
11 were two ways. One was that this guy, Paul Heinerscheid, came to see me,  
12 and he wanted to talk to me about DBS in Europe. And I said, "Fine. I'll  
13 talk to you." And we talked a bit. And as we talked, I realized that I had  
14 a card to play, and so I didn't say a lot, and I went to see Candice and her  
15 husband at Paul's invitation. A lot of people have claimed credit. But  
16 Paul was the one who invited me to meet with Candice.

17 MR. EGER: She knew who you were.

18 MR. WHITEHEAD: Oh, she knew. And they invited me to go meet the  
19 Prime Minister, Pierre Werner, which I did without saying anything about  
20 where I was going. And then I met with Pierre Werner and told him that I  
21 had this new idea for different satellite technology, and I would be  
22 prepared to bring it to Luxembourg as a business proposition if we could  
23 work out a business model where I controlled the satellite company, and he

1 agreed with that. So, that is to say he agreed that we would set up such a  
2 satellite company that would be controlled by the Luxembourg government, but  
3 I would control a big part of it. Now, the ace I had up my sleeve was that  
4 I was watching the development of satellite technologies, and the satellite  
5 crowd was very interested in developing KU-band, which for you non-techies  
6 was the next higher frequency from the frequency called C-band that all of  
7 the satellites were operating on. They were all operating on C-band. And  
8 the ITU, which was the international telecommunications regulatory body, had  
9 said that -- I don't know if this was an extension of Open Skies or not.  
10 They basically said any country that wants to can put up a satellite at KU-  
11 band.

12 MR. EGER: Yeah.

13 MR. WHITEHEAD: I don't know why they said that.

14 MR. EGER: Well, they didn't want to have to allocate, because most  
15 countries didn't want them to. They required frequency registration, the  
16 RF-RB, but they weren't in the business of allocating or assigning  
17 frequencies. They weren't sure of their legal --

18 MR. WHITEHEAD: Yeah. Historically --

19 MR. EGER: Unless to do it -- to tie nationally.

20 MR. WHITEHEAD: Yeah, they had had a big regulatory conference to  
21 assign frequencies for the European satellites, and they didn't want to go  
22 through that again. So, they -- and they had an historical model, as I  
23 recall, for microwave that anybody could do anything as long as it didn't

1 interfere.

2 MR. EGER: Yeah.

3 MR. WHITEHEAD: So, anyway, the satellite companies, the  
4 manufacturers, were very interested in building KU-band satellites because  
5 the C-band frequencies were essentially all used up. And they could put up  
6 the KU-band satellites. So, they were busily developing these KU-band  
7 satellites. But the KU-band satellites were --

8 MR. EGER: How did that happen?

9 MRS. WHITEHEAD: The cord.

10 MR. EGER: Oh, okay. The cord. No harm done.

11 MR. WHITEHEAD: The KU-bands were inherently low powered, because the  
12 tubes that could be manufactured were inherently low power. They couldn't  
13 build high-powered tubes. So, they were kind of stuck with low-powered  
14 tubes. So, I said, "Well, you know, that's interesting, but a low-powered  
15 tube combined with a big enough antenna on the ground could receive useful  
16 signals, both data and television." But you needed to get enough power in  
17 the satellite which was hard to do, and the earth stations for KU-band were  
18 expensive. So, the whole thing was a difficult proposition. But I knew  
19 that companies like Herman Jacobs' company -- it wasn't called Qualcomm at  
20 the time, it was called --

21 MR. EGER: Linkabit

22 MR. WHITEHEAD: Linkabit -- was working on developing data  
23 communications links that would use KU-band. Other companies were

1 developing specialized applications for KU-band. So, I knew you could build  
2 earth stations with small dishes, small earth stations, but it wasn't clear  
3 exactly how small. So, you've got these low-powered KU-band satellites.  
4 You've got these sort of medium-ish-size KU-band earth stations. Nobody is  
5 quite clear what the power might be. Nobody is quite clear what the size of  
6 the earth station might be. And so, one day Margaret and I took the kids to  
7 the International Date Festival at - what was the town?

8 MRS. WHITEHEAD: Was it Indian Wells?

9 MR. WHITEHEAD: Indian Wells, California.

10 MRS. WHITEHEAD: Or someplace like that.

11 MR. WHITEHEAD: Way out in the middle of the Mojave Desert and  
12 Margaret took Abigail and I took Clay, and we were walking around looking at  
13 things. And I said to Margaret, "Clay is missing. I can't find Clay."  
14 This is one of these huge festivals. I mean, really huge.

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: And so Margaret freaked out, as if, "Where is my only  
17 begotten son?"

18 MRS. WHITEHEAD: And the crowd was dubious. We had been to one of  
19 these fruit festivals before, and it was fabulous. And we got there, this  
20 crowd was very rough around the edges. So, this is part of the story.

21 MR. WHITEHEAD: It was rough around the edges. So, I'm running around  
22 looking for Clay. Margaret is running around looking for Clay. And --

23 MRS. WHITEHEAD: And a storm is coming up, and it's like the heavens

1 are going to open and say, there went my beloved son, he's gone. And  
2 there's dust blowing everywhere. It was a mess.

3 MR. WHITEHEAD: So, finally I turned up Clay. And in the process of  
4 turning up Clay, I saw this tent and the tent had a trailer next to it which  
5 had a satellite dish mounted on the trailer. John will particularly like  
6 this story. So, I went and found Margaret and said, "I've got Clay.  
7 Everything's okay," and I said, "but there's this exhibit back here that I'd  
8 like to go see." So, I went back and I said, "What are you guys doing?"  
9 And she said, "Oh, we're watching television" -- there was a woman in there,  
10 and she said, "Oh, we're watching television from a satellite."

11 And I said, "Oh, that's interesting. Can I see?" She said, "Sure."  
12 She shows me. She said, "So you can get a TV set" -- and she's got a settop  
13 box on it -- and she said, "We'll sell you a set top box for two thousand  
14 dollars and you can watch TV." And I said, "Gee, that's really interesting,  
15 for two thousand dollars. I didn't know you could do that." She said, "Oh,  
16 yeah." And I said, "Can you show me?" And so she's going click, click,  
17 click through the channels. And I said, "Well, I notice that your channel  
18 11 is much weaker on one click than it is on the other click." And I knew  
19 perfectly well what was going on, which was that she was using the other  
20 polarization in the satellite and it wasn't -- the satellite wasn't  
21 perfectly oriented with -- I mean the earth station was not perfectly  
22 oriented with the dish. So she said, "Oh, that one's always weak." Then  
23 she says, "Kick it again, Harry." Harry kicks the trailer and presto, it's

1 clear.

2 MR. EGER: Really.

3 MR. WHITEHEAD: Yeah.

4 MR. EGER: Yeah.

5 MR. WHITEHEAD: So, I said to myself, "This is really interesting." I  
6 said, "How do you do this?" She said, "Oh, there's this guy that sells us  
7 these boxes, and we put 'em on top of the TV, and we sell 'em to you for two  
8 thousand dollars." And I guess the guy -- I don't know, the guy selling the  
9 settop box may have been Sid Topol; it may have been some other  
10 manufacturer. I'm not sure.

11 MS. BURGESS: What year was this? Do you remember?

12 MR. WHITEHEAD? This would have been '80...

13 MRS. WHITEHEAD: It would have been '80...

14 MR. WHITEHEAD: Roughly '80.

15 MRS. WHITEHEAD: Clay must have been two or three so it was '81, '82.

16 MS. BURGESS: Oh, my God. A two or three-year-old gone missing. I  
17 was envisioning that he was a maybe a 10-year-old or slightly older.

18 MR. WHITEHEAD: Oh, no.

19 MRS. WHITEHEAD: No. No. You can't imagine.

20 MR. WHITEHEAD: So, things -- I go home and things start coming  
21 together. I said, "Well, the key thing that's going on here is that you can  
22 receive television from a very small -- much smaller satellite dish than  
23 people have been telling me." So, the next day I went into the office and I

1 talked to Harold Rosen. Do you remember Harold?

2 MR. EGER: Yes. We had Harold Rosen come out. Remember, the thing I  
3 got you involved in?

4 MR. WHITEHEAD: No.

5 MR. EGER: Thank you for forgetting. (INAUDIBLE NAME) called. They  
6 had the spin. The spin?

7 MR. WHITEHEAD: Oh, the spin thing, yeah.

8 MR. EGER: Yeah. He was on the board of this company that was a bunch  
9 of frauds. The FBI contacted me.

10 MR. WHITEHEAD: I was on the board because he put me on the board.

11 MR. EGER: The guy, Nick Coropolis, remember him?

12 MR. WHITEHEAD: Oh, yeah.

13 MR. EGER: He died. He killed himself.

14 MRS. WHITEHEAD: Oh, my God.

15 MR. EGER: Yeah. Well, he was going to go to jail.

16 MRS. WHITEHEAD: So, he went to another kind of jail.

17 MR. WHITEHEAD: I didn't have anything to do with this.

18 MR. EGER: He was a big fraud. A big fraud. He was Mafia. Turn the  
19 tape off. No. No, I'm kidding.

20 MR. WHITEHEAD: That doesn't have anything to do with what we're  
21 talking about. So, I said, "Harold you'll never believe what I saw  
22 yesterday." He said, "What's up?" I said, "Well, I saw a satellite dish  
23 about, you know, 8 feet in diameter that was receiving television." And he

1 said, "It's impossible."

2 MS. BURGESS: Uh-huh.

3 MRS. WHITEHEAD: You didn't know Harold.

4 MS. BURGESS: Yeah, I do.

5 MR. WHITEHEAD: I said, "Well, Harold, it may be impossible, but I saw  
6 it."

7 MR. EGER: He said that, or he said, "Arthur C. Clarke."

8 MR. WHITEHEAD: He said, "No, it's something else. It's -- they're  
9 conning you somehow." I said, "Harold, I asked them every imaginable  
10 question. It's very clear that they were receiving television." And I  
11 said, "Why?" He said, "Well, it can't be." I said, "Well, why don't you go  
12 think about why they are." And so Harold went off, and he came back, and he  
13 said, "You know," he said, "it just might be possible." He said, "Maybe  
14 what's going on is that each of the manufacturers in the chain is building  
15 in his own margin of performance. And if all of them are putting in their  
16 own margin of performance, then on an average day, you know, you probably  
17 could receive television."

18 MS. BURGESS: Now, that went over my head, Tom. Could you explain?  
19 What do you mean by the --

20 MRS. WHITEHEAD: Margin.

21 MR. WHITEHEAD: Margin is --

22 MS. BURGESS: And the manufacturers. Who were you talking about?

23 MR. WHITEHEAD: Well, the manufacturers -- the way satellite



1 transmission works is you've got a dish here on the ground. You want to  
2 send a television signal out to all of these little TV channels. So, you  
3 put your signal here into this big dish, which you're only going to build  
4 one of, so you can afford to make this a big dish. You then send the signal  
5 up to the satellite, and the satellite has as much power as it's going to  
6 have and sends the signal back down to this little earth station on the  
7 ground and this little earth station on the ground receives it and turns it  
8 back into a TV signal which you can watch.

9 MS. BURGESS: And so the manufacturer is this here?

10 MR. WHITEHEAD: Well, there's several manufacturers.

11 MS. BURGESS: Okay.

12 MR. WHITEHEAD: There's the guy who manufactures the dish. There's  
13 the guy who manufactures the satellite. There's the guy who manufactures  
14 this little dish here. And what the satellite manufacturer says is, "I can  
15 build you a satellite dish that on a clear day -- remember satellite signals  
16 go through the air, so they're subject to degradation by earth station  
17 performance -- he says, On a clear day I can send a signal from my satellite  
18 dish to your TV satellite that will have such and such a power. So, the  
19 power received at this satellite will be so and so from my dish." And the  
20 satellite manufacturer says, "Well, I can build you a satellite that if it  
21 receives a signal of such and such a size, then it can transmit a signal  
22 down to this dish here that will be of such and such a power." And so that  
23 guy says, "That's fine." And then this guy here says, "Well, if you send me

1 a signal of such and such a size from your satellite to my little dish, then  
2 I can turn that into a usable TV signal on an average day." So, you add up  
3 -- you've got all these average days, okay? And so, the guy who is  
4 manufacturing this big dish here is saying to himself, "Well, I need to  
5 deliver such and such a cargo from my dish to the satellite and I'm going to  
6 do that by building in a margin --" Give me an automobile term.

7 MR. EGER: Hard band? are you talking about...?

8 MR. WHITEHEAD: I'm just looking for a human analogy here. Margaret,  
9 help me explain.

10 MR. EGER: We need an analogy, Margaret. What is an analogy for a  
11 margin of performance. We're delivering a signal -

12 MR. WHITEHEAD: Hey, Clay.

13 MR. WHITEHEAD JR.: Yeah.

14 MR. WHITEHEAD: Break for a second.

15 MR. WHITEHEAD JR.: Okay.

16 MS. BURGESS: He's trying to think up an analogy for margin of error.

17 MR. WHITEHEAD: Can I have a fork?

18 MR. WHITEHEAD JR.: What is it mathematically?

19 MR. WHITEHEAD: How do you give a margin of performance?

20 MR. WHITEHEAD JR.: You mean like a tolerance?

21 MR. WHITEHEAD: Yeah. For a non-techie.

22 MR. WHITEHEAD JR.: So, it's the plus or minus, so say you have this  
23 really --

1 MR. WHITEHEAD: I guess tolerance, tolerance is a good thing.

2 MR. WHITEHEAD JR.: What?

3 MR. WHITEHEAD: Tolerance works, right.

4 MR. WHITEHEAD JR.: Yeah. Let's say, describe a screw going into a  
5 board or something.

6 MR. EGER: Okay, that's a good idea.

7 MR. WHITEHEAD: A manufacturer of a car has got pistons in the car and  
8 the manufacturer says -- the manufacturer of the piston says, "All right,  
9 I'll make these pistons for you and they will be 8 inches in diameter, plus  
10 or minus -- plus or minus a tenth of an inch." And it's much more dangerous  
11 if it's plus a tenth of an inch than minus, where the car works better if  
12 it's a plus than if it's a minus. So, what these -- what this guy is doing  
13 here is he's saying, "I will build my earth station at five thousand watts,  
14 plus or minus ten watts," but what he's really saying is plus ten watts.  
15 He's cheating by making the margin much bigger than what he's telling the  
16 buyer. So, this guy is building the big margin into his transmitting earth  
17 station. The guy in the satellite is -- he's agreeing to build a satellite  
18 that will have such and such a power, but he's cheating too because he's  
19 building a higher margin in there. The purchaser thinks he's buying an 8-  
20 watt satellite, but he's really buying a 9-watt satellite. And so, at every  
21 step here - the big earth station, the satellite, the small earth station -  
22 they're all telling the purchaser that they are delivering a transmitter or  
23 a relay or whatever it is at a much higher power than really they contracted

1 to supply. So what Harold said was, if each of these guys is delivering a  
2 much higher level of performance than what he contracted to supply us, then  
3 what we think -- we as the guy who is buying all of these things -- what we  
4 think we're getting is an earth station -- we think we're getting an overall  
5 performance of such and such, but, in fact, we're getting a much higher  
6 power level here than we thought we were getting.

7 MS. BURGESS: Okay.

8 MR. WHITEHEAD: We thought we were getting a smaller power here,  
9 because that's what we contracted to buy, but in fact these guys -- they  
10 haven't teamed up, but each one of them has collectively eaten into their  
11 margin and given us an overall system that provides a higher power than what  
12 we thought we were getting.

13 MS. BURGESS: Uh-huh.

14 MRS. WHITEHEAD: Tom, just a little bit about how Hughes refused to  
15 make this and how you marshaled it through a series of technologies and gave  
16 it to Luxembourg yourself. That's --

17 MR. WHITEHEAD: I'm getting there.

18 MRS. WHITEHEAD: Okay.

19 MR. WHITEHEAD: Yeah. So --

20 MR. EGER: That was my question.

21 MR. WHITEHEAD: That was Harold's analysis. And so, we came up with  
22 this conclusion that indeed it was possible. The big unknown was the -- how  
23 small could you make the earth station, and so I started a contest. And I

1 had Irwin Jacobs, I had a couple of earth station manufacturers -- Sid was  
2 probably one of them -- and I had Eddy Horowitz. Remember Ed?

3 MR. EGER: Yeah. Yeah.

4 MR. WHITEHEAD: And I said, "Guys, we're having a contest and here's  
5 the deal. We've got such and such an earth station. We've got such and  
6 such a satellite. How small can you make the earth station?" And they all  
7 got together and thought about it. And we came up with the conclusion that  
8 we could pretty -- we were pretty much sure that we could get under one  
9 meter.

10 MR. EGER: Wow, really.

11 MR. WHITEHEAD: By using KU-band, by using some advanced satellite  
12 manufacturing for the earth stations that Irwin Jacobs and others were  
13 coming up with. So, by integrating all of these various technologies, we  
14 could come up with a television delivery system that on a fair day would  
15 deliver TV into a one-meter dish.

16 MR. EGER: Amazing. I thought you were using a bigger dish throughout  
17 Europe.

18 MR. WHITEHEAD: Well, we started off talking that way because people  
19 wanted a higher margin, but, in fact, the answer was about a meter.

20 MR. EGER: Really?

21 MR. WHITEHEAD: And the -- by the time we started actually operating,  
22 we were using about a meter.

23 MR. EGER: I heard a rumor -- I don't know if it's true or not, but

1 you can -- that Luxembourg really wanted to start a corporation, and they  
2 really wanted, like all the Europeans, a DBS system. But the French members  
3 of their board really didn't like to do this but that the system you were  
4 proposing they could handle through their existing monopoly PTT. Is that  
5 what they did? Do you know what I mean? They already had the authority in  
6 the PTT to launch this kind of satellite.

7 MR. WHITEHEAD: Oh, yeah. They had the authority. They didn't want  
8 to do it because it interfered with their idea of the big Battlestar  
9 Galactica.

10 MRS. WHITEHEAD: But keep going with that.

11 MR. WHITEHEAD: So anyway, I went to Pierre Werner, and I said, "we  
12 could use these" -- we called them medium-power satellites --

13 MR. EGER: Medium-power, yeah.

14 MR. WHITEHEAD: "We can use these medium-power satellites, and we can  
15 add 16 or 32 transponder channels, and the cost would be a fraction of the  
16 Battlestar Galactica, and we get more channels, and so this is the -- this  
17 is the way to do it." And he bought it. And that became Coronet.

18 MR. EGER: Ah, I remember that.

19 MRS. WHITEHEAD: Tom, Hughes refused to manufacture them; is that  
20 correct? After you found out all this, Hughes refused to manufacture this,  
21 and why did they do that?

22 MR. WHITEHEAD: I went with the idea to Hughes and explained the whole  
23 thing to them, because I worked for Hughes. And they of course understood

1 it. But they didn't want to do it because they were afraid of alienating  
2 the Europeans and selling satellites to the Europeans. They were also  
3 afraid of me because I had -- they didn't -- as the chairman of the board  
4 put it to me: "We don't want to do any more of these high-profile projects  
5 like Galaxy."

6 MR. EGER: Really? Why was that, Tom?

7 MR. WHITEHEAD: Because it was too high-profile for them, John. It  
8 was -- there's a picture hanging in there.

9 MR. EGER: Yeah, I know. From *Fortune* magazine.

10 MR. WHITEHEAD: It's the first picture of somebody from Hughes that  
11 appeared in *Fortune*.

12 MS. BURGESS: Was it because of Howard Hughes's personality?

13 MR. WHITEHEAD: No. It didn't have anything to do with Howard.

14 MR. EGER: CIA stuff.

15 MR. WHITEHEAD: No, it was just the character of Hughes as a company.

16 MS. BURGESS: But I mean, he had set it up, and so maybe he'd infused...

17 MR. WHITEHEAD: No. He was marginally supportive.

18 MS. BURGESS: Okay.

19 MR. WHITEHEAD: He was marginally supportive, but the board of Hughes  
20 was not supportive. And so, the way it was put to me was, "You can do  
21 anything want here as long as it's -- We'll give you your big office; we'll  
22 give you your car; you can do whatever you want for the rest of your life --  
23 have a big retirement package -- but you can't do these splashy business

1 projects."

2 MRS. WHITEHEAD: They didn't like the fact --

3 MR. WHITEHEAD JR: I don't mean to interrupt. I need to interrupt.

4 We can't record anymore, Dad, with the camera.

5 MR. EGER: We can't?

6 MR. WHITEHEAD JR: Do you have an external hard drive here, because we

7 need more space. We're out of space between all three computers and my

8 external hard drive is -- I already know that mom's computers aren't

9 compatible with it.

10 MRS. WHITEHEAD: Clay, we have audio.

11 MR. WHITEHEAD JR: If we have an external hard drive --

12 MR. WHITEHEAD: We're just getting audio. That's fine.

13 MR. WHITEHEAD JR.: You don't have an external hard drive here?

14 MR. WHITEHEAD: The tape is working for a while. It hasn't blinked

15 out yet.

16 MR. WHITEHEAD JR: Do you have an external hard drive?

17 MR. WHITEHEAD: No.

18 MR. WHITEHEAD JR: Okay.

19 MRS. WHITEHEAD: I have one at home, Clay.

20 MR. WHITEHEAD JR: How big is it?

21 MRS. WHITEHEAD: I don't know.

22 MR. WHITEHEAD: You can say what you want to say about it, it didn't

23 fit their corporate culture. They didn't want to do it. Perfectly



1 legitimate call.

2 MRS. WHITEHEAD: You didn't think so at the time.

3 MR. WHITEHEAD: Well, I was unhappy with it. I thought they ought to  
4 do it. I thought it was a great idea. I thought it was as great as Galaxy,  
5 but they didn't want to do it. So, you know, we just disagreed and --

6 MRS. WHITEHEAD: Tom, tell them why Hughes was mad with you.

7 MR. WHITEHEAD: I don't know why Hughes was mad with me.

8 MRS. WHITEHEAD: Because he made too much --

9 MR. WHITEHEAD: I thought I just explained it.

10 MRS. WHITEHEAD: You made too much profit.

11 MR. WHITEHEAD: Oh, you meant I made too much money.

12 MRS. WHITEHEAD: You messed up the entire tax structure of the  
13 company.

14 MR. WHITEHEAD: Yeah.

15 MRS. WHITEHEAD: And they didn't even know what he had done with  
16 Galaxy. They never called him over and said, "Thank you." They never said,  
17 "Congratulations," and six months later the comptroller calls, and he said,  
18 "What are you doing over there?"

19 MR. EGER: Really?

20 MRS. WHITEHEAD: "You have destroyed this company. You have just  
21 about messed up the entire --"

22 MR. WHITEHEAD: No, they didn't go that far.

23 MRS. WHITEHEAD: Oh, he was furious.

1 MR. EGER: Are they a non-profit?

2 MR. WHITEHEAD: They were at the time.

3 MR. EGER: Ah, so, they didn't want --

4 MRS. WHITEHEAD: They didn't want Galaxy. That's why they didn't want  
5 this. It was too profitable. He made 300 million dollars worth of profit  
6 on a 20 million dollar startup --

7 MR. WHITEHEAD: One million.

8 MRS. WHITEHEAD: -- one million dollar startup. That was -- he  
9 invented -- he made something out of nothing and the fact that he had to do  
10 that was a great part of this whole story. He came home, and he said,  
11 "We've got a new baby. We've got two small children and how are we going to  
12 do this? I've got this job. And I don't know how I'm going to do this."  
13 Well, this is the story.

14 MR. WHITEHEAD: So, anyway.

15 MR. EGER: You don't want this in the --

16 MRS. WHITEHEAD: It's just such a big part of the record.

17 MR. EGER: It is but --

18 MR. WHITEHEAD: I don't know that it matters at this point.

19 MR. EGER: It doesn't matter. No. It doesn't matter, and they've  
20 changed their corporate model. There now --

21 MR. WHITEHEAD: It's a totally different model and the board has  
22 changed.

23 MR. EGER: How stupid though.

1           MRS. WHITEHEAD: It was also during the time when defense contractors  
2 were being investigated, so that led to some problems, too.

3           MS. BURGESS: Right.

4           MR. WHITEHEAD: One of the big problems they had was that their  
5 financial model was predicated on not paying taxes, and so I kept telling  
6 them -- I kept delivering these spreadsheets showing the financial return  
7 after tax. And the President of the company kept telling me, "No, no we  
8 never pay taxes." And I said, "Well, you're going to." And he says, "No,  
9 we never pay taxes."

10          MR. EGER: I thought maybe it was because they do so much work for NSA  
11 and the CIA, and that they were --

12          MR. WHITEHEAD: They liked to show that they never paid taxes, because  
13 they didn't want to show their owner -- which was the Howard Hughes Medical  
14 Institute -- they didn't want to show how much profit they were making.  
15 What they were doing was taking all of their profit and piling it back into  
16 the company, so that the -- technically the amount of profit was quite small  
17 when in fact the amount of profit was quite high but it was just plowed back  
18 into corporate uses.

19          MR. EGER: How interesting. Wow.

20          MR. WHITEHEAD: Since the board of the company was made up just of  
21 corporate insiders, it was basically a sandbox for all those engineers. So  
22 they would decide, "Well, we're going to put 200 over here and 300 over  
23 here. I really like this technology, so I'm going to put 500 over here."

1 And they did wonderful things for the country.

2 MR. EGER: Sure.

3 MR. WHITEHEAD: The country's national security is much better off  
4 because of Hughes reinvestments in itself. I give them lots of credit. But  
5 anyway, it was a corporate culture that did not want to do what I had done  
6 and what I wanted to do.

7 MR. EGER: You had this competition going with other potential  
8 suppliers. Was that going to --

9 MR. WHITEHEAD: What do you mean?

10 MR. EGER: Well, you needed somebody to do the manufacturing.

11 MR. WHITEHEAD: Yeah.

12 MR. EGER: My understanding is you were going to Hughes and ask them  
13 to be the supplier of record.

14 MR. WHITEHEAD: Right.

15 MR. EGER: So, who did you turn to then?

16 MR. WHITEHEAD: Nobody. I just left Hughes.

17 MR. EGER: You left Hughes, but you still had your proposal.

18 MR. WHITEHEAD: Then I --

19 MR. EGER: And you went to Luxembourg?

20 MR. WHITEHEAD: Then I turned to both Hughes and GE at that time.

21 MR. EGER: Right.

22 MR. WHITEHEAD: And they both --

23 MR. EGER: Oh, I see. You couldn't accomplish it internally.

1 MR. WHITEHEAD: I couldn't accomplish it internally.

2 MRS. WHITEHEAD: Right! That's the whole point about getting to  
3 Astra.

4 MR. EGER: Oh.

5 MRS. WHITEHEAD: This is what I was talking about it.

6 MR. WHITEHEAD: But they were willing to make a proposal, which they  
7 did -- which was too high -- and they did not win the bid.

8 MRS. WHITEHEAD: But there was a little part of the story that you  
9 told David Maxwell that was particularly interesting about how you got this  
10 thing designed by hook and crook and little by little.

11 MR. WHITEHEAD: Well, I'm not sure what you're talking about.

12 MRS. WHITEHEAD: It was the way that you conceived of the technology  
13 and changed it little by little if you did this and if you did that. It all  
14 came out so that it worked like it had for the people on the ground.

15 MR. WHITEHEAD: That was the tweaking of the different technologies I  
16 was describing.

17 MRS. WHITEHEAD: I see, and what is your patent for?

18 MR. WHITEHEAD: It doesn't have anything to do with it.

19 MRS. WHITEHEAD: That's another patent. Okay.

20 MR. WHITEHEAD: So, anyway, that's how the Coronet business model came  
21 about, and I then took it to Europe and Werner supported the idea until the  
22 -- of course there were lots of ins and outs and problems and he supported  
23 the idea until the internal or Luxembourg faction decided that they were

1 going to support it themselves and Candice and a couple of her cronies  
2 connived to take it over.

3 MR. EGER: Yeah, and that was what the lawsuit --

4 MR. WHITEHEAD: In the Luxembourg -- form of the Luxembourg government  
5 taking it over.

6 MR. EGER: Is that what you sued or was that the basis for your  
7 lawsuit?

8 MR. WHITEHEAD: Yeah, because I -- they took it over by essentially  
9 nationalizing it. After I had given them all of the frequencies. After I  
10 had given them -

11 MR. EGER. The whole plan.

12 MR. WHITEHEAD: -- the whole plan, the whole technical model, they  
13 took it over. And we looked at the idea of doing it in Switzerland, doing  
14 it somewhere else, you know, and we just couldn't, because all of the good  
15 frequencies, all of the good orbit positions had been registered over half  
16 of Luxembourg.

17 MRS. WHITEHEAD: [REDACTED] They kept saying  
18 they were going to sign the contract the next day, sign the contract the  
19 next day, sign the contract the next week, and there was always a little  
20 problem with signing the contract. In the meantime, they had Tom working 18  
21 hours a day and getting them more and more ideas and getting the thing more  
22 and more finalized. And finally, this went on for weeks and weeks. Finally  
23 when the time came to sign the contract, they said, "Oh, well, we're not

1 going to sign the contract." They didn't say, "We're going to nationalize  
2 your company," but that's what they did.

3 MR. EGER: Bastards.

4 MRS. WHITEHEAD: Oh, they were terrible.

5 MR. EGER: Aren't they something.

6 MRS. WHITEHEAD: Oh, they were terrible, and we've since found out  
7 that their lawyers, the lawyer that Tom had in Luxembourg did things to his  
8 contract there to undermine his future legal position. Oh, they were  
9 terrible. And then it goes on. That's just the tip of the iceberg.

10 MR. WHITEHEAD: [REDACTED]

11 MRS. WHITEHEAD: But the socialist being elected to the government to  
12 be part of the coalition was part of the story. And Pierre sort of lost  
13 control.

14 MR. EGER: Did he?

15 MR. WHITEHEAD: After the election he lost control.

16 MRS. WHITEHEAD: And he and Tom are in correspondence, have been for  
17 years, and with his daughter, who says that Pierre, though he cannot speak  
18 or read or write, but she reads him Tom's letters, and he's very alert and  
19 very excited and emotional in hearing from Tom. They had quite a bond.

20 MR. EGER: Yeah.

21 MRS. WHITEHEAD: So Pierre kind of lost out in a way, as well.

22 MR. WHITEHEAD: That's the Luxembourg story.

23 MR. EGER: Well, I guess there's a whole -- I mean one of the reasons

1 that little country is so successful is maybe they --

2 MRS. WHITEHEAD: [REDACTED]

3 MR. EGER: [REDACTED]

4 MRS. WHITEHEAD: [REDACTED]

5 [REDACTED]

6 MR. EGER: [REDACTED]

7 MRS. WHITEHEAD: [REDACTED]

8 MR. EGER: [REDACTED]

9 MR. WHITEHEAD: Are we about through.

10 MR. WHITEHEAD JR.: Do you need a break, Dad? You need to finish?

11 MR. WHITEHEAD: What time is it?

12 MS. BURGESS: It's 2:43.

13 MRS. WHITEHEAD: It's almost 2:45. You've got to be at Georgetown by  
14 4:30.

15 MR. WHITEHEAD: Perhaps we should go now.

16 MR. EGER: Yeah, we covered a lot though. I think we -- tomorrow we  
17 want to talk about.

18 MR. WHITEHEAD: We can do CPB with Brian tomorrow.

19 MR. EGER: Yeah. Yeah. Is Brian available?

20 MRS. WHITEHEAD: You would know better than me.

21 MR. EGER: I don't know.

22 MRS. WHITEHEAD: He told me he would be here today and tomorrow.

23 MR. EGER: Really?



1 MRS. WHITEHEAD: Uh-huh.

2 MS. BURGESS: Can we call him, then? I don't have his phone number.

3 MR. EGER: Here's a number. It's not mine.

4 MRS. WHITEHEAD: [REDACTED]

5 MS. BURGESS: [REDACTED]

6 MR. EGER: [REDACTED]

7 MRS. WHITEHEAD: [REDACTED]

8 MRS. WHITEHEAD: Those lemon bars aren't bad.

9 MR. WHITEHEAD: They're very good. I tried to save myself for another  
10 one.

11 [Audio lacking Tom Whitehead dialogue omitted.]

12

1 Day Three

2 MR. EGER: Just a working title, but we're calling this, and by the  
3 way I've got Walt Hinchman's number, so I'll be able to call Walt and get  
4 his input. But we're calling the first chapter simply Open Skies, the White  
5 House, and the Policy Initiative that Changed the World of Communications.

6 MR. WHITEHEAD: Little far, right?

7 MS. BURGESS: It's a working title, we can --

8 MR. WHITEHEAD: Okay.

9 MR. EGER: It did, whether we tone it down or not. And it starts  
10 really in 1969, when you first came to the White House to begin working on  
11 policy issues and it ends really with the creation of OTP because Open Skies  
12 had nothing to do with OTP. "Skies" was something that you came on and our  
13 feeling is to portray you as a newly minted Ph.D., naive in the ways of  
14 Washington -- I mean, you didn't know any better -- who saw that we needed  
15 to change the model of communications policy. You had a passion for space  
16 technology and, to the extent we can work it in, we want to talk about the  
17 fact that you, you know, came from the Midwest with the belief that  
18 government was a good thing, that something good could come of it. And we  
19 want -- we want to go through bullet by bullet of what you told us and we  
20 found out about those first couple of years before OTP was created and while  
21 you were new to the White House. Okay?

22 MS. BURGESS: Okay. And that was how you happened to join the -- or  
23 did you want to say something before we get started?

1 MR. WHITEHEAD: Well, I think that's the wrong take on it.

2 MR. EGER: Okay.

3 MR. WHITEHEAD: I guess I was newly minted. I'd had a Ph.D. for two  
4 years, but I think I had a feel for Washington because I worked -- I worked  
5 at OMB.

6 MR. EGER: Right.

7 MR. WHITEHEAD: And I worked at RAND on policy matters --

8 MR. EGER: Okay.

9 MR. WHITEHEAD: -- after I got my Ph.D. So -- and I think the story  
10 is that I, you know, I suppose -- I suppose we put in a little bit about the  
11 Republican versus Democrat, how I got there, because that might be a  
12 footnote. It seems to me the story is that I went there to be -- went there  
13 to work on the creation of OMB --

14 MR. EGER: Right.

15 MR. WHITEHEAD: -- and the development of policy, budget policy  
16 matters.

17 MR. EGER: I remember that. I remember that.

18 MR. WHITEHEAD: That's why I went there.

19 MR. EGER: The only reason we were suggesting -- can I interrupt?

20 MR. WHITEHEAD: Yeah.

21 MR. EGER: The only reason we were suggesting a different approach is  
22 self-effacing humility because --

23 MR. WHITEHEAD: Well, but that's -- it's got to fit what happened.

1 MR. EGER: Yeah. All right. Okay. In other words we have to tell  
2 the truth, the whole truth, and nothing but the truth.

3 MR. WHITEHEAD: Yeah.

4 MR. EGER: Okay.

5 MR. WHITEHEAD: The story, I think, about Open Skies, the initiative  
6 of Open Skies was that - it's sort of the story I told about Haldeman  
7 saying, he knows that I know all this technology stuff. And the White House  
8 was not organized around policy. The Nixon White House was not organized  
9 around policy initiatives, it was organized around agencies and response to  
10 agency needs and agency the -- and organizations that were concerned about  
11 what agencies were doing --

12 MR. EGER: Right, right, right, okay.

13 MR. WHITEHEAD: And so I was given a number of those agencies.

14 MR. EGER: Right, we have that.

15 MR. WHITEHEAD: And people started coming to me with policy issues  
16 dealing with those agencies.

17 MR. EGER: Right.

18 MR. WHITEHEAD: And one of the... many of those issues were  
19 communications issues.

20 MR. EGER: Right.

21 MR. WHITEHEAD: But the one that seemed most imperative to me was the  
22 satellite communications --

23 MR. EGER: Right.

1 MR. WHITEHEAD: -- issue, where you had these seven agencies -- seven  
2 companies all wanting to launch communication satellites.

3 MS. BURGESS: I think we're on the same page at this point, Tom.

4 MR. WHITEHEAD: And then Rosel Hyde coming in with his cockamamie  
5 scheme.

6 MR. EGER: Yeah.

7 MR. WHITEHEAD: So, I was -- I was suddenly thrust into a major policy  
8 initiative.

9 MR. EGER: Right.

10 MR. WHITEHEAD: And that's how I got from going to the White House --

11 MR. EGER: Right.

12 MR. WHITEHEAD: -- to being responsible for a concern with Open Skies.  
13 Maybe that's not as sexy as what you guys were planning to write, but I  
14 think you can make it fit as something that's equally -- what's the word?

15 MS. BURGESS: Yeah. I think we can accommodate this.

16 MR. EGER: I think so.

17 MS. BURGESS: Yeah.

18 MR. EGER: We're just taking off some of the "gee whiz" out of it.

19 MR. WHITEHEAD: Okay.

20 MR. EGER: But I think let's continue because the perfect storm -- the  
21 setting, which we want to describe in some detail --

22 MR. WHITEHEAD: Excuse me. One more thing. Do you really want to  
23 start it in 1969 or do you want to start it earlier when these companies

1 were planning to -- or asking to launch those satellites?

2 MS. BURGESS: We'll come back and mention that as part of the context  
3 for what you discovered when you received this on your plate.

4 MR. EGER: Yeah. There are several things. Henry talks in his --  
5 when he was working with you -- we did a three-hour session with Henry and  
6 Brian. Henry makes a very persuasive case that you walked into the perfect  
7 storm.

8 MR. WHITEHEAD: Yeah, I did.

9 MR. EGER: You came in, in '69, and you said, "holy jeezus, all these  
10 things are happening."

11 MR. WHITEHEAD: Right.

12 MR. EGER: And then the '62 Act was vacant. It didn't talk at all  
13 about COMSAT, what we do domestically. And you're the one who saw that  
14 pattern, saw all these things intersecting.

15 MR. WHITEHEAD: Right. Okay. Go ahead.

16 MS. BURGESS: Okay. So, I guess what I was going to say is that you  
17 almost by accident received this bundle of responsibilities, as you said,  
18 and the one that seemed most important to you was the satellite issue. And  
19 when Rosel Hyde's visit was sort of the catalyst for Open Skies in a sense  
20 that you were, like, "oh my gosh, this could be a complete disaster unless I  
21 do something about it." And you created this task force and you set about  
22 trying to find the solution that would be, in your mind, the best solution  
23 for the country and these companies that were coming to you and saying,

1 "What do we do? What do we do? What do we do?" So out of this task force  
2 comes this letter that you write that Flanigan signs and sends to Dean Burch  
3 and then the FCC just adopts it and Burch doesn't really mention it and I  
4 think you (Mr. Eger) were explaining to me before Tom got here that the FCC  
5 usually has various procedures that they go through when they are about to  
6 adopt something. They give -- maybe it's three opportunities for public  
7 comment before they adopt a rule like this, and it just simply didn't  
8 happen.

9 MR. EGER: Well, it didn't happen. They still had to go through it,  
10 but it was the idea that Burch just said, "This is what the White House  
11 wants." Burch -- we don't know how -- whether Burch told Bernie Strassberg  
12 or whoever, but it was adopted. I mean, the time between the letter and the  
13 FCC action was so small, so narrow. It was like Open Skies became *de facto*  
14 policy for the whole country in a matter of months.

15 MS. BURGESS: And I think we also talked about the fact that maybe  
16 this -- it occurred this way because it was a new administration and Dean  
17 Burch himself was new and perhaps if either he had been more seasoned or had  
18 been further along in the administration it might not have rolled through  
19 that quickly.

20 MR. WHITEHEAD: Who were the other commissioners? Do you remember?

21 MR. EGER: There was -- Robert E. Lee was there. Charlie Reed, H. Rex  
22 Lee, Nick Johnson, Ben Hooks.

23 MR. WHITEHEAD: Hooks wasn't there.

1 MR. EGER: No. Hooks wasn't there, yet.

2 MR. WHITEHEAD: Most of these people would have been expected to go  
3 along with whatever the chairman wanted.

4 MR. EGER: They were, except Nick was the only..

5 MR. WHITEHEAD: Well, but Open Skies was sufficiently radical that  
6 even Nick probably would have gone along with it.

7 MR. EGER: The way we were going we were thinking of describing  
8 several things. The '62 Act of course, which left out the AT&T monopoly and  
9 the fact that networks were really unhappy with the broadcast fees and you  
10 were being called on by the networks. I mean, all these people seemed to be  
11 coming in to you looking for help. There were a lot of new potential users  
12 other than AT&T who were coming to you and saying, "Hey, you know if you've  
13 got -- if we had a satellite, if we could be involved we would be at --"  
14 NASA was kind of looking for its next act. NASA was very concerned, and  
15 they thought maybe they were going to be the chosen entity to launch all  
16 these satellites --

17 MR. WHITEHEAD: That was COMSAT.

18 MR. EGER: Well --

19 MR. WHITEHEAD: It couldn't be NASA.

20 MR. EGER: I mean NASA. There's an article that says that NASA had  
21 already had conversations with AT&T about being the entity that launches all  
22 the vehicles. And that AT&T would have the monopoly or COMSAT and then the  
23 cable industry was just lying dormant, it was frozen, stuck in the mud.



1 Then Rosel Hyde comes to see you, and he has a solution to all of the above.

2 And you say, "This is not the way we want to go."

3 MR. WHITEHEAD: Right.

4 MR. EGER: And that was the movement. That was the catalyst that then  
5 had you set up this task force to see if maybe something different -- a  
6 different model, a competitive model -- which was anarchy -- I mean, quietly  
7 speaking, it was anarchy to say, "We're not just going to give this -- we're  
8 not going to follow the status quo here. This is new technology. Nothing's  
9 been done, and it's a time for a break from the past." And the fact that  
10 that happened so quickly and it all happened really before OTP tells us that  
11 that's really what should be the framework, because that subsequently became  
12 -- these are your words -- kind of the framework that OTP did everything.  
13 It was a procompetitive, open, transparent model, which was very different.  
14 So, that's what we want to start writing.

15 MR. WHITEHEAD: Okay.

16 MS. BURGESS: Okay.

17 MR. EGER: See if we can get chapter one done. It's really a summary  
18 of the years. In chapter two, we'd like to talk about OTP. You created  
19 OTP; you formed a cabinet committee; you really saw cable. I mean there  
20 were other things you were doing that you had to do, but primarily chapter  
21 two is to focus on the establishment of OTP and the fact that cable grew  
22 very, very fast because you dealt with the distribution system and you dealt  
23 with the [INAUDIBLE] issue, which unstuck them and that Burch then

1 [INAUDIBLE] for a bunch of [INAUDIBLE] rules and so on.

2 MR. WHITEHEAD: Do you want to go with chapter two as cable or  
3 specialized common carriers?

4 MR. EGER: Well, we were thinking cable, but if you wanted to do it  
5 the other way around we can do it the other way around.

6 MR. WHITEHEAD: I guess it could be either way.

7 MR. EGER: The demise of AT&T took a little longer. Cable got  
8 energized almost immediately and, I mean, that's a section. Chapter two,  
9 also met with HBO and all these other people who wanted to come forward and  
10 create networks.

11 MR. WHITEHEAD: Right.

12 MR. EGER: And within a very short period of time whole new networks  
13 were established which undermined, really, broadcasting and changed the  
14 whole mix of television which we thought of as chapter three.

15 MR. WHITEHEAD: So it's organized by subject matter rather than by  
16 chronology?

17 MR. EGER: Yeah.

18 MR. WHITEHEAD: I think that's right.

19 MR. EGER: And then the specialized common carriers and the breakup of  
20 AT&T, Datran, McGowan, the antitrust suit, the conversations that you had  
21 with Crosland, the power of AT&T. I'm already in chapter five, where we see  
22 the big public broadcasting problem, and that's because you inherited the  
23 Rostow Report, Jim Killian --

1 MR. WHITEHEAD: There was also the Carnegie Commission Report.

2 MR. EGER: Yeah.

3 MR. WHITEHEAD: Which got a lot more press than the -- I keep  
4 forgetting who wrote that report.

5 MS. BURGESS: The Rostow Report?

6 MR. WHITEHEAD: The Rostow report. The Rostow report didn't get much  
7 press.

8 MR. EGER: No, it didn't.

9 MR. WHITEHEAD: But the Carnegie Commission Report did. It had a lot  
10 of press.

11 MR. EGER: Johnson helped create the Rostow report. So, it was  
12 Presidential.

13 MR. WHITEHEAD: Yeah.

14 MR. EGER: And that's our opportunity to say that Johnson didn't do  
15 anything. There were a lot of things that weren't done.

16 MR. WHITEHEAD: Johnson was just temporizing. He didn't want anything  
17 done.

18 MR. EGER: Yeah.

19 MS. BURGESS: And that comes in chapter two, right, when we talk about  
20 the creation of OTP and going onto cable --

21 MR. EGER: I mean, we're going to talk -- we're going to talk about a  
22 lot of things in chapter one, obviously. But they can flesh it out in  
23 subsequent chapters. And we can always change the mix.

1 MR. WHITEHEAD: Yeah, I understand.

2 MR. EGER: But I really think the first chapter -- I think the first  
3 chapter clearly -- everybody believes this, by the way, Brian and Henry --  
4 we talked last night about this Open Skies, and it's really what you did for  
5 the first two years before OTP became an entity. What else?

6 MR. WHITEHEAD: Is there anything significant in the communications  
7 field that I dealt with before OTP?

8 MS. BURGESS: Not that I'm aware of.

9 MR. WHITEHEAD: Okay.

10 MR. EGER: If you did, it would be in the letters. I don't know what  
11 it is.

12 MR. WHITEHEAD: I don't know either.

13 MR. EGER: I mean, I honestly didn't even know about this until the  
14 last few weeks. I didn't know that, for example, that you inherited all  
15 this stuff, and that you were already working on the Open Skies.

16 MR. WHITEHEAD: Yeah.

17 MR. EGER: It was just -- you see, when I arrived in Washington in  
18 1971, Open Skies was a *fait accompli* in my view.

19 MR. WHITEHEAD: And OTP was being established or was established.

20 MR. EGER: Yeah. Was it just established? And nobody knew who you  
21 were or what OTP was, frankly.

22 MR. WHITEHEAD: There was the IntelSat stuff.

23 MS. BURGESS: Uh-huh.

1 MR. WHITEHEAD: The -- there was this big international conference to  
2 do -- to establish the final rules for IntelSat, and I had responsibility  
3 for overseeing the U.S. participation in that.

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

5 MR. WHITEHEAD: And that was pre-OTP. Now, how important it is, is  
6 another matter.

7 MR. EGER: Well, it is important in a sense that I would just say that  
8 you had a passion for space technology. I mean, you came -- I don't know if  
9 you had a passion. We were talking about the rockets that were man made and  
10 at one time you were even a candidate maybe or thinking about running NASA.  
11 You've always had a space leaning, haven't you?

12 MR. WHITEHEAD: Well, kind of, yeah.

13 MR. EGER: I think to round out your interests and passion to say that  
14 you came in and you looked at what Kennedy was doing. Kennedy created with  
15 the '62 Act, NASA, COMSAT, and IntelSat and left out the domestic satellite  
16 policy. So you come in; you get thoroughly briefed; you're already involved  
17 and vested in looking to represent the President at IntelSat. I think it  
18 helps explain why this piece -- why you solved this missing domestic piece.

19 MR. WHITEHEAD: No.

20 MR. EGER: No. But you did. I mean, you obviously saw the perfect  
21 storm.

22 MR. WHITEHEAD: What I saw missing was the -- what I saw was the  
23 creation of extending government power through this --

1 MR. EGER: Yeah, yeah --

2 MR. WHITEHEAD: -- through this mechanism that Hyde had proposed and  
3 what I saw missing was the idea of government playing a lesser role.

4 MR. EGER: Right. Right. Right.

5 MR. WHITEHEAD: That here was an opportunity for -- this was an  
6 opportunity for deregulation.

7 MR. EGER: Right.

8 MR. WHITEHEAD: That was the thing that captivated me, you know --

9 MR. EGER: Right.

10 MR. WHITEHEAD: -- about the satellite communications issue.

11 MR. EGER: Okay. I don't think we're at --

12 MR. WHITEHEAD: I knew -- Haldeman was right -- I knew a lot about  
13 the technology, and nobody could really flummox me or bowl me over on the  
14 technology, because I could -- I could go one-to-one with anybody on the  
15 technology. So, I couldn't be flummoxed. But the thing that drove me -- I  
16 mean, I remember exactly my thoughts. Rosel Hyde came in. He laid this  
17 thing out, and I said, "Oh, my God. Here we've got a brand-new technology  
18 that's going to be governed by -- it's going to be run by the federal  
19 government," because the way he set it up, each of these companies would  
20 have a seat on the board, and the FCC would have a seat on the board.

21 MR. EGER: Right.

22 MR. WHITEHEAD: Well, those companies were never going to agree, and  
23 so the thing was going to be run by the FCC; they'd have the final deciding

1 vote. And I said, "This is no way to run a railroad. We need -- if we're  
2 ever going to have competition in the communications business -- which we  
3 ought to have -- then we've got to, we've got to kill this and come up with  
4 something different."

5 MR. EGER: Yeah.

6 MR. WHITEHEAD: "...and we've got to come up with something."

7 MR. EGER: Was COMSAT a factor? Were they lobbying you?

8 MR. WHITEHEAD: Oh, yeah, they were one of the seven companies that  
9 were lobbying. They were lobbying probably harder than almost anybody,  
10 because they believed that they had kind of a God-given right.

11 MR. EGER: Well, they certainly did in the international space.

12 MR. WHITEHEAD: Well, they did in international space. They were the  
13 monopoly agency, but they thought that that gave them the right to do it in  
14 the domestic space as well. And they lobbied to do it. They lobbied the  
15 White House. They lobbied hard.

16 MR. EGER: Okay. We didn't have that. Now that's great. What was  
17 AT&T's position?

18 MR. WHITEHEAD: They -- you know I don't remember. They were probably  
19 active in arguing that they should continue to have their monopoly.

20 MR. EGER: Yeah, that's what I read, too.

21 MR. WHITEHEAD: But they weren't very forceful. They were not very  
22 forceful. It was like, "We're entitled to this, but we're not going to  
23 fight for it terribly hard."

1 MR. EGER: Yeah. Do you think that COMSAT said to AT&T, "Look, we're  
2 going to still let you deliver the service and keep your monopoly. We're  
3 going to be the space segment."

4 MR. WHITEHEAD: Well, there were probably a lot of those deals that  
5 were discussed but I'm not aware of any.

6 MR. EGER: I'm not either. But I think that the COMSAT role --  
7 because they did have the monopoly internationally, for them to assume that  
8 they were going to get domestic.

9 MR. WHITEHEAD: I think that a lot of the companies felt that COMSAT  
10 was going to get it, so they didn't fight very hard for it. And the  
11 manufacturers didn't fight for it at all. My guess is that everybody sort  
12 of assumed that COMSAT was going to get it.

13 MR. EGER: Yeah.

14 MS. BURGESS: Tom, Margaret reminded me when we reach chapter two, and  
15 we're talking about the creation of OTP, I remember that you were  
16 responsible for pretty much creating OTP and you identified a number of  
17 people who you thought would be fine directors. How did it happen that you  
18 became the director?

19 MR. WHITEHEAD: Well --

20 MRS. WHITEHEAD: In the White House.

21 MR. WHITEHEAD: I was -- I've told you what I was responsible for. It  
22 was -- once we decided to create OTP, the question was who was going to run  
23 it? So, the question came to me. Who was going to run it? And I was



1 expected to go find someone to go run it. And I did find a guy. I wanted  
2 somebody who was policy-oriented more than a technician and more of an  
3 economist than a, an economist and policy type rather than a, rather than an  
4 industry type. And I found this guy, Bill Niskanen, who is still around --  
5 I think he's the chairman of the Cato Institute -- and he's been around for  
6 some time as a policy-type here in town. And we sent his name up to the  
7 Hill to be the director of OTP. And Motorola vetoed him. We don't know for  
8 sure why. It had to do with something that he was against at some point in  
9 his career, you know. As a policy person, people take white papers, and my  
10 guess is that he wrote a paper that was contrary to Motorola's doing  
11 something or other. In any event, Motorola decided that they couldn't live  
12 with him, and they went to somebody on the Hill and said, "No." And whoever  
13 -- we just never knew who it was that blocked it -- but somebody blocked it.  
14 So, then the issue came up, "Okay, Whitehead, now what?" And it had been  
15 suggested in the first go around that I run the place. And I said, "No, I  
16 didn't want to do that, because I'd be a telecom type," and I didn't want to  
17 be a telecom type. I wanted to be this broader OMB type. But having failed  
18 to find someone the first time around, it was very hard for me to come up  
19 with anybody the second time around. And so, I agreed that I would do it.  
20 So they -- everybody thought that was a grand idea, because I knew the  
21 issues and what have you. So they sent my name up, and *voila* I was the  
22 director of OTP. There was no opposition in the Senate because nobody knew  
23 who the hell I was.

1

2 MR. EGER: YEAH.

3 MS. BURGESS: And when you say everybody was happy with that, do you  
4 mean Haldeman?

5 MR. WHITEHEAD: The White House was, yeah.

6 MS. BURGESS: And then the other --

7 MR. WHITEHEAD: And there was no opposition on the Hill, so what the  
8 heck?

9 MS. BURGESS: And the other thing I wanted to pin down with you was  
10 you had this Rostow Report that was missing. You pinned it down because it  
11 was part of your bundle of responsibilities to figure out what was the  
12 history with the Johnson administration and telecom, and it said that in  
13 this Rostow Report that there should be some sort of entity that handles  
14 telecommunications issues. Was it you that presented to Haldeman, "Yeah, we  
15 really should create this thing called an OTP," or did he say, "Hey,  
16 Whitehead, what we going to do with this Rostow report?" Do you remember  
17 how it went? How it came about?

18 MR. WHITEHEAD: It wasn't Haldeman so much as it was just a feeling in  
19 the White House that we ought to do something with this thing. They had a  
20 bunch of recommendations. Most of them were highly technical. Nobody had  
21 any passion for any one of them. The creation of OTP seemed to be less  
22 objectionable than most, so, that was the one we picked.

23 MS. BURGESS: How interesting. It must have felt very peculiar

1 nominating yourself to be head of something that was the least objectionable  
2 alternative. I mean, did you feel that?

3 MR. WHITEHEAD: No. I mean, when I said least objectionable I meant  
4 just that it wasn't something that made a lot of sense to anybody. Most of  
5 the recommendations were policy recommendations that didn't particularly --  
6 I mean it was kind of: Do this; do that. OTP was something that was more  
7 tangible. Create this thing that can do stuff.

8 MS. BURGESS: Uh-huh.

9 MR. EGER: I should add -- I don't know if it's relevant but -- I had  
10 heard from Nick Zapple that they liked Tom. Pastore liked Tom. You were  
11 already working with the committee, and they said, "Well, he understands  
12 what we want and what we need. So it's kind of logical." So he says, "so  
13 we supported," he says, "that Whitehead be the first director." Now, again,  
14 I don't know whether he did anything at all.

15 MR. WHITEHEAD: It's probably true.

16 MR. EGER: But he was in support because for several months Tom was  
17 telling them everything he was doing. Hey, look -- they wanted to see --  
18 Democrats were chairing the committee -- wanted to see an OTP established --  
19 they were very much supportive.

20 MR. WHITEHEAD: Yeah.

21 MS. BURGESS: And this is -- I know you don't want to be --

22 MR. WHITEHEAD: To answer your question: No. It didn't [INAUDIBLE].  
23 By the time it came to create OTP, everybody had sort of swung around to be

1 it was the sensible thing and it needed a director, and I said -- it's  
2 coming back to me now -- I said to myself, "running a federal agency for two  
3 years wouldn't be a bad thing. Running a federal agency reporting directly  
4 to the President -- not many people get to do that -- and that would be good  
5 experience and then I could go off and do something else."

6 MS. BURGESS: Uh-huh.

7 MR. WHITEHEAD: But I kind of thought it would be neat to be the head  
8 of NASA, whatever, go back to my OMB ideas. I would have a lot of options  
9 at that point. So, I was thinking in terms of just doing this for a couple  
10 of years and then getting out of Dodge to do something else.

11 MR. EGER: Am I wrong? Did you tell me sometime that you actually  
12 would like to run the National Park Service?

13 MR. WHITEHEAD: No, I don't remember that.

14 MR. EGER: Okay.

15 MRS. WHITEHEAD: It was a joke.

16 MR. EGER: It was a joke? Because I thought it was -- Okay. All  
17 right. I thought, well, you know, you like to hike and open spaces. I  
18 didn't know it was a joke. I took it seriously, Margaret. Why not?  
19 Yellowstone? Yosemite?

20 MS. BURGESS: You look a little tired today, Tom, so I don't want to  
21 dwell too much on subjects that we talked about already, but I just wanted  
22 to say that maybe your -- the speed and ease with which you became the  
23 director of OTP has a lot to do with the fact -- and I know you don't want

1 to be portrayed as naive to DC politics -- but you were new and you didn't  
2 have a history of friction, political friction, with anybody so it made it  
3 maybe more -- do you think that's correct that you weren't a known entity.  
4 You were a fresh face.

5 MR. WHITEHEAD: What's the point?

6 MS. BURGESS: So, the point is that maybe it made it easier for your  
7 nomination to sail through because the Democrats thought, "Here's a guy that  
8 we can work with. He's a blank slate." Maybe not. I don't know.

9 MR. EGER: I don't think.

10 MS. BURGESS: Too much speculation?

11 MR. WHITEHEAD: Too much speculation.

12 MR. EGER: They wanted the Rostow report. They wanted the OTP to be  
13 created. Tom was the guy who was telling them everything he was doing. So,  
14 he was the logical candidate. They were very supportive of him.

15 MS. BURGESS: Okay.

16 MR. EGER: Have we gone through all the bullets on chapter one?  
17 Because we want to start writing. We want to finish the outline of all the  
18 chapters, because we thought the sooner we get writing, get something --

19 MR. WHITEHEAD: I agree.

20 MR. EGER: -- on paper, even if it changes later, the order changes --  
21 your Hughes and Galaxy experience is a separate chapter. Luxembourg is a  
22 separate chapter. Public broadcasting is a separate chapter, even though  
23 it's important. I think if we -- we're not going to spend a lot of time

1 talking about the Nixon-Ford transition, although I know you wanted to get  
2 something written on that though --

3 MR. WHITEHEAD: I don't think it belongs.

4 MR. EGER: In this book --

5 MR. WHITEHEAD: Particularly in the book.

6 MR. EGER: No, we didn't either. Okay. Privacy is a separate  
7 chapter.

8 MR. WHITEHEAD: I suppose. A short chapter.

9 MR. EGER: We can make it a short chapter. We can put it last. We  
10 can put it anywhere.

11 MR. WHITEHEAD: Do you have a chapter on miscellaneous subjects?

12 MR. EGER: Yeah, we can put that -- This thing is - Wow. I think  
13 that's it.

14 MR. WHITEHEAD: What?

15 MRS. WHITEHEAD: Then, if you have a little time together, you can  
16 afford to -- you can do a little something on the transition and Buchen.  
17 You can do privacy and the transition.

18 MR. EGER: Oh, on the transition?

19 MRS. WHITEHEAD: That's how Tom has chosen to do the transition,  
20 through Buchen.

21 MR. EGER: Oh, okay. We can do that. We are going to talk about  
22 Buchen. But the transition itself I was not involved in so I'm really not  
23 the person to talk about that. Brian and --

1 MR. WHITEHEAD: I'm going to step out. You guys can keep talking.

2 MR. EGER: Susan has called Brian. He was part of Johnson's task  
3 force. Johnson said, "I'm going to create this task force. I'm not going  
4 to deal with anything directly." So, here was this thing sitting there.  
5 Nothing had been done, and along came Tom. Tom began doing all this  
6 planning, briefing the Senate -- John Pastore -- and when -- and Zapple kept  
7 saying, "When are you going to get a director?" And Tom said, "Well, I  
8 guess it's going to be me, because it's going to be me," you know. And then  
9 --

10 MRS. WHITEHEAD: It was Pastore? I didn't know that.

11 MR. EGER: -- they thought it was great, because they got to  
12 [INAUDIBLE] and like him.

13 MS. BURGESS: And they knew he understood what was going on, and he  
14 understood the issues.

15 MR. EGER: Exactly. Exactly. Now, when Pastore said later --

16 MR. WHITEHEAD: You --

17 MRS. WHITEHEAD: You can sit there.

18 MR. WHITEHEAD: I can't sit there. It's too hard to get out of.

19 MRS. WHITEHEAD: I know but.

20 MR. WHITEHEAD: I'm not going to do it.

21 MS. BURGESS: Can you leave enough room for the ottoman. Do you want  
22 your feet on the -

23 MR. WHITEHEAD: No, I can't, so just --

1 MR. WHITEHEAD JR.: Here just put it here right here.

2 MS. BURGESS: Yeah, this is close enough.

3 MR. EGER: We're just talking about public broadcasting. Get as much  
4 as we can. We know that Brian -- you want Brian to get on record, too.

5 MR. WHITEHEAD: Yeah.

6 MR. EGER: We think we have enough -- tell me if I'm wrong, Susan --  
7 enough on each of these chapters to get started writing and putting  
8 something on paper. And my own feeling is that unless we do that, we're  
9 going to keep talking. We have so much stuff now. Susan is getting all  
10 this recorded. And we need someone to actually start writing, and I'm free  
11 to input, and then we have a lot of stuff, and we'll make it longer rather  
12 than shorter. And we can always cut stuff out.

13 MR. WHITEHEAD: Right. I think that's all very sensible.

14 MR. EGER: Okay.

15 MRS. WHITEHEAD: God bless you.

16 MR. WHITEHEAD: I'm trying to think about public broadcasting.

17 MR. EGER: Yeah. Well, you gave us a little bit yesterday about the  
18 300 million that wanted -- Killian wanted. A lot of money.

19 MR. WHITEHEAD: Yeah and what I -- the important point for me was that  
20 what I wanted to do was to hold their budget down, so that we could get on  
21 with the -- at that time we didn't have the cable report or any of that  
22 stuff -- so we could get on with promoting more cable TV and more TV  
23 channels as a way of having a market-based deregulatory television scheme



1 with lots of channels rather than the three dominant channels and that that  
2 tied into Open Skies because the satellite was the way of distributing the  
3 channels around the country. You see, most people don't see Open Skies  
4 correctly. It was -- it had a dual focus. It was a way of breaking up AT&T  
5 and it was also a way of distributing cable to break up the monopoly of the  
6 three television networks. So it was a dual focus initiative.

7 MR. EGER: Yeah, I think you're right.

8 MR. WHITEHEAD: From the very beginning, it was a dual focus  
9 initiative. And Brian Lamb sees it more clearly than anyone else.

10 MR. EGER: Right.

11 MR. WHITEHEAD: But that's what it was. So, I was interested in  
12 holding down CPB.

13 MR. EGER: Yeah.

14 MR. WHITEHEAD: The White House was interested in holding down CPB,  
15 because they saw it as a -- something that was going to be what it became.  
16 It was something that was going to broadcast programs that were hostile to  
17 the administration.

18 MR. EGER: Oh, yeah.

19 MR. WHITEHEAD: So, I became the guy who the White House -- because I  
20 was the communications guy -- the White House saw me as the guy to hold down  
21 CPB and the funding for CPB was a major issue. And so it fell to me to --  
22 by the time I think we had OTP established -- it fell to me to be the  
23 spokesman for the administration on holding down or killing CPB. Colson

1 wanted to kill it.

2 MR. EGER: Oh, did he?

3 MR. WHITEHEAD: I felt that that was not viable.

4 MR. EGER: Right.

5 MR. WHITEHEAD: So I argued for reduced spending.

6 MR. EGER: Was that the 50 million?

7 MR. WHITEHEAD: Pardon?

8 MR. EGER: Was that the 50 million number that you...

9 MR. WHITEHEAD: Well, no. That was later. Just reduce spending.

10 There were lots of numbers bandied about, and their budget slowly went up.

11 MR. EGER: Yeah.

12 MR. WHITEHEAD: So, there were lots of numbers bandied around. But I

13 became the administration hatchet man.

14 MR. EGER: Right.

15 MR. WHITEHEAD: -- to either suppress CPB or to kill it, and that, of

16 course, got the attention of the mainstream media, as we now call it, and

17 they were -- I just became the guy that was the hatchet man to kill CPB and

18 that became, in many ways, the thing that I was known for because the press

19 didn't know --

20 MR. EGER: Yeah.

21 MR. WHITEHEAD: -- diddly about Open Skies or any of this --

22 MR. EGER: Yeah.

23 MR. WHITEHEAD: -- or AT&T or cable. They did know broadcasting. And

1 they did see that the CPB was a good thing in their eyes because it was more  
2 television, so it was good. It was more jobs for TV journalists so it was  
3 good.

4 MR. EGER: There's a story in here that I read that I can't -- maybe  
5 you know -- there was some time when you went to Nixon and somebody called  
6 you -- Haig or somebody -- said the President doesn't agree with you. You  
7 worked it out -- everybody agreed on something and --

8 MR. WHITEHEAD: That was later.

9 MR. EGER: That was much later.

10 MR. WHITEHEAD: That was really the end of my tenure. You can ask  
11 Brian about that.

12 MR. EGER: But he changed his mind then, ostensibly.

13 MR. WHITEHEAD: He -- I had worked out this compromise. We had vetoed  
14 -- there was a public television funding bill, and we had thought that it  
15 was -- it was too heavily aimed -- too heavily armed for the Democrats. The  
16 Democrats on the Hill were going to call the shots on the funding of public  
17 broadcasting and that they -- they wanted funding -- they wanted annual  
18 funding because with annual funding they could control what programs were  
19 being, you know, broadcast and which ones weren't, and the public  
20 broadcasting crowd wanted long-term funding, which we agreed with. Not  
21 because we agreed with CPB so much as we felt that if you had long-term  
22 funding that the CPB would be able to be more independent and less likely  
23 just to --

1 MR. EGER: Yeah. Yeah.

2 MR. WHITEHEAD: -- do whatever the people on the Hill wanted. And so  
3 we came down on the side of multiple year funding. We said five-year  
4 funding, and the democrats had wanted annual funding. So we worked out a  
5 compromise for two-year funding and there were some other elements to the  
6 compromise. I don't remember what they were. I think it involved the  
7 creation of PBS. We were -- we pretty much -- well we did create PBS,  
8 because PBS was an alternative to CPB and if all the programs were done by  
9 CPB, we thought that would be too much power. And so we wanted CPB, which  
10 was an organization of the local stations, to where the local stations had  
11 more power. And we felt that if the local stations had more power that that  
12 would -- it was sort of like our initiative for license renewals -- power to  
13 the people. So, we worked out this compromise with the creation of PBS and  
14 CPB and budget and two-year funding and all that stuff. And -- oh, excuse  
15 me. I missed a step. There was an earlier step where CPB had proposed a  
16 large budget and we vetoed it, Nixon vetoed it, and I recommended the veto  
17 and I supported the veto publicly, so that put me in an awkward position  
18 with the mainstream media. But after that -- after we had vetoed -- after  
19 Nixon had vetoed the budget, we came to this compromise. And everybody  
20 supported it; the Hill supported it; CPB; PBS. And I had cut this deal with  
21 Nixon and other people in the White House -- Colson -- that if we could work  
22 out this kind of a compromise then Nixon would support it. And so, after a  
23 lot of work and a lot of attention, we worked it out, and Nixon said, "No."

1 He wouldn't support it.

2 MR. EGER: Was he under duress -- was he getting close to Watergate or  
3 what was he thinking? Why did he say no? Because he changed his mind then,  
4 if I understand correctly.

5 MR. WHITEHEAD: I think the reason he said, "No," was that he -- I  
6 think it was getting -- I think Watergate had started but I think the reason  
7 he said, "No," was that he just wasn't going to go along with anything.  
8 That CPB -- anything that would promote CPB or anything or that would allow  
9 CPB to carry its programming on was something he didn't want.

10 MR. EGER: You were not in the room at the time you came up with the  
11 memo asking for his approval --

12 MR. WHITEHEAD: Yeah.

13 MR. EGER: -- and he got called by someone else, by Haig?

14 MR. WHITEHEAD: I think it was Haig.

15 MR. EGER: I think that's in the records.

16 MS. BURGESS: In my notes, I have that you got your memo back with a  
17 note from Al Haig on it. It was even less personal

18 MR. WHITEHEAD: It said just "No."

19 MS. BURGESS: Despite all the work.

20 MR. EGER: Okay, so how did you turn that around to get a "Yes,"  
21 eventually?

22 MR. WHITEHEAD: Well, the next morning an article appeared on the  
23 front page of *The New York Times* outlining all of this.

1 MR. EGER: Okay. Funny how they know these things.

2 MR. WHITEHEAD: It's really funny how they know these things. You can  
3 ask Brian Lamb how they know these things. And so Ron Ziegler got up at  
4 eight o'clock in the morning to a press briefing and lied through his teeth,  
5 and said, "This never happened. The President did not disapprove Mr.  
6 Whitehead's proposal. In fact, he supports Mr. Whitehead's proposal."

7 MR. EGER: Wow. Of course, that happens I guess.

8 MR. WHITEHEAD: It does happen.

9 MR. EGER: A lot.

10 MR. WHITEHEAD: For those of you who aren't reading between the lines,  
11 Brian Lamb overnight leaked the whole story to *The New York Times* and so *The*  
12 *New York Times* wrote the story pretty much along the lines that we wanted.

13 MR. EGER: Yeah. Yeah.

14 MR. WHITEHEAD: Ziegler, like I said, lied through his teeth.

15 MR. EGER: Yeah.

16 MR. WHITEHEAD: So Nixon didn't really change his mind. His mind got  
17 changed for him.

18 MR. EGER: Yeah. Yeah. Gotcha. Well, the --

19 MR. WHITEHEAD: *The New York Times* is not totally without its uses.

20 MR. EGER: Well, we ought to talk to Brian or Bob about more of that.  
21 I think we have a lot of this. You do, don't you.

22 MR. WHITEHEAD: Do you have any specific questions you want to go  
23 over?

1 MS. BURGESS: I -- Go ahead, John.

2 MR. EGER: No.

3 MS. BURGESS: I just wanted to follow up on something and this touches  
4 back with what I was very confused about yesterday. It sounds like --  
5 please correct me if I'm wrong -- what you were saying was that Colson was  
6 concerned about the content of public broadcasting.

7 MR. WHITEHEAD: Right.

8 MS. BURGESS: And you, as in OTP, were more concerned about it in the  
9 sense of how it tied in with infrastructure of telecommunications. You were  
10 concerned about competition, and that's what you were concerned with with  
11 public broadcasting.

12 MR. WHITEHEAD: Well --

13 MR. EGER: Colson made content your issue. If he hadn't come to you,  
14 you wouldn't have really --

15 MR. WHITEHEAD: No. I still would have been concerned to some extent  
16 with content, because I felt like the federal government should not be  
17 directing the content of television programming and that CPB inherently  
18 would be an entity that had its programming developed by the federal  
19 government and, that by that, I mean the federal politicians so the White  
20 House and the Congress and people like that would have been involved in  
21 developing and heavily influencing the content and I felt as a matter of --  
22 just a matter of the public interest that you didn't want federal  
23 politicians --

1 MR. EGER: Yeah.

2 MR. WHITEHEAD: -- controlling television programming.

3 MS. BURGESS: And did you know -- did you or anybody at OTP know --  
4 about these calls -- these alleged calls from Colson or whoever to the  
5 network executives saying, "the President says not to air that."

6 MR. WHITEHEAD: I, I knew that Colson was talking to the networks. I  
7 didn't know the specifics.

8 MR. EGER: I just want to say that yesterday we had you on tape saying  
9 the farm bureau, the farmer would want more programming on farming and some  
10 other senator or congressman would want and government funding meant  
11 government control, period.

12 MR. WHITEHEAD: Well, look at ethanol.

13 MR. EGER: Yeah.

14 MRS. WHITEHEAD: But the proof of this approach is in Astra. Because  
15 he just did it all over again in Europe.

16 MR. EGER: Yeah.

17 MR. WHITEHEAD: I don't get that.

18 MRS. WHITEHEAD: Well, you approached it in a financial model that  
19 eliminated state controlled TV and introduced free enterprise policy that  
20 was more democratic and more --

21 MR. WHITEHEAD: I don't get that.

22 MRS. WHITEHEAD: I don't know why you don't, Tom. I saw what  
23 happened.



1 MR. WHITEHEAD: I'm sorry I don't get it.

2 MRS. WHITEHEAD: Well the financial -- your interest in competition  
3 and swatting aside government control as you did with PBS and CPB occurred  
4 again with Astra in Europe when you introduced a system that allowed for  
5 free enterprise television and there was no longer state-controlled  
6 television. So, you introduced another model, another economic model.

7 MR. WHITEHEAD: Oh, yeah. But it was in reverse.

8 MRS. WHITEHEAD: Well, you did establish a monopoly in Europe which  
9 you did not -- which you deregulated here.

10 MS. BURGESS: But I see what you're saying. He brought commercial --

11 MR. WHITEHEAD: I brought commercial television to Europe.

12 MRS. WHITEHEAD: To Europe.

13 MR. WHITEHEAD: And what's your other point?

14 MRS. WHITEHEAD: Well, you have often told me that you established --  
15 the business plan for Astra was a monopoly plan, and it allowed for itself  
16 to be reproduced again and again and again. Which is why we were in Italy,  
17 I looked on television and saw acres and acres and acres of satellite dishes  
18 everywhere. And I said, "Tom, I had no idea. I knew what you did was big  
19 but I had no idea of the physical ramifications." It was acres of satellite  
20 dishes. And you said, "Oh, yes. But I did it, so it would just keep  
21 reproducing itself. And just get bigger and bigger and bigger."

22 MR. WHITEHEAD: Right.

23 MRS. WHITEHEAD: And you said, "Like a monopoly." And I said, "But

1 that's not, but that's exactly what you objected to in the States." You  
2 said, "Exactly."

3 MS. BURGESS: And it was commercially run, not run by the government.

4 MR. EGER: Well, Luxembourg has always been commercial.

5 MS. BURGESS: Oh, it was. Okay. So that wasn't a new. . .

6 MRS. WHITEHEAD: But they used certain government and television  
7 [INAUDIBLE].

8 MS. BURGESS: Oh, okay.

9 MRS. WHITEHEAD: That's all that there was in Europe until Astra.

10 MR. EGER: One of the nice things about Luxembourg -- I'm not making  
11 any apologies for them. They are such a small country. Fifty years ago  
12 they started -- because they're still over -- their terrestrial satellite,  
13 they thought it was smart to start advertiser-supported programming, and  
14 they pissed a lot of people off because they were doing French programming  
15 and Italian programming and people from France and Italy were coming across  
16 the border to advertise. They were thinking right away of an advertiser-  
17 supported system.

18 MR. WHITEHEAD: Oh, yeah. They knew what was coming and they didn't  
19 want it. They didn't want it there.

20 MRS. WHITEHEAD: Why did you design it as a monopoly since you're such  
21 a free-market guy?

22 MR. WHITEHEAD: What is "it"?

23 MRS. WHITEHEAD: Astra.

1 MR. WHITEHEAD: Because it was a way of making a lot of money.

2 MS. BURGESS: Which you learned at OTP.

3 MR. EGER: I don't see that -- Margaret, in all respect -- I don't see  
4 that as a monopoly so much.

5 MRS. WHITEHEAD: That's what I was told. Ten times at least.

6 MR. WHITEHEAD JR: I don't know. This is not a central point.

7 MS. BURGESS: You said that you went to your --

8 MR. WHITEHEAD: I intended SES to be close to a monopoly, yeah, I did.

9 MS. BURGESS: You said, at one point, that you went back home and you  
10 told your father, "What I learned at the White House." How did you phrase  
11 it? Something about, "I learned everything I know about business at the  
12 White House. You need a monopoly," or something to the effect.

13 MR. WHITEHEAD: Oh, he said the secret to American business is to find  
14 a need and fill it. And I said, no, no, the secret is to find a monopoly  
15 and keep it.

16 MS. BURGESS: There's actually one other question, while we're off  
17 tangent. I think at one point you and I were talking about -- this is  
18 totally off topic -- we were talking about rural education and you were  
19 telling me a little bit about your upbringing and how you were a teenager it  
20 was very rare for someone to do what you did, which is to take off and go to  
21 a place like MIT to get your education. It was pretty common for folks to  
22 go to local schools --

23 MR. WHITEHEAD: Right.

1 MS. BURGESS: -- or two-year colleges and then come back to farm. Did  
2 you -- I forget -- did you say that your parents were pretty instrumental in  
3 helping you feel comfortable leaving even though all of your classmates were  
4 sticking around.

5 MR. WHITEHEAD: Oh, yeah. They encouraged us to get out of town and  
6 get exposed to a broader educational experience. They were very big on  
7 that.

8 MS. BURGESS: Was your mom a teacher? I forget.

9 MR. WHITEHEAD: No, she wasn't.

10 MS. BURGESS: No. Okay.

11 MR. WHITEHEAD: Stay-at-home mom.

12 MS. BURGESS: And what did your dad do?

13 MR. WHITEHEAD: He worked in a chemical factory.

14 MS. BURGESS: Okay.

15 MRS. WHITEHEAD: But they were trained as teachers.

16 MS. BURGESS: I knew there was something about teaching.

17 MR. WHITEHEAD: My father was trained as a teacher.

18 MS. BURGESS: So, do you think that that enabled them to see the  
19 potential you had and realized that MIT might be a good fit for you?

20 MR. WHITEHEAD: Yeah, I think so.

21 MS. BURGESS: I'm sorry for putting words in your mouth.

22 MR. WHITEHEAD: No.

23 MS. BURGESS: I'm just trying to recollect what our conversation was.

1 MR. WHITEHEAD: No, I think that's right.

2 MS. BURGESS: Okay.

3 MRS. WHITEHEAD: He was a National Merit Scholarship nominee.

4 MR. WHITEHEAD: I didn't get the scholarship, but I was the runner up  
5 for the National Merit Scholarship.

6 MRS. WHITEHEAD: I know, but that's how you learned about these  
7 various schools --

8 MR. WHITEHEAD: Right.

9 MRS. WHITEHEAD: -- that other people didn't know about in your  
10 community.

11 MR. WHITEHEAD: Well, I had -- Being a runner up, there was always the  
12 danger that I would get a Merit Scholarship, and so I had to start applying  
13 to colleges. That's why I looked at different colleges.

14 MS. BURGESS: I think that was all I was going to ask you about that.  
15 That's all I can think of that I was going to ask you.

16 MR. EGER: Well, we wanted to put more bones on the biography.

17 MR. WHITEHEAD: I think we ought to talk more about Margaret's  
18 question about the monopoly versus free enterprise and what have you.  
19 Europe as opposed to the United States. I just need to think about that one  
20 a little bit.

21 MS. BURGESS: Okay.

22 MR. WHITEHEAD: It may or may not be an interesting issue.

23 MR. EGER: Yeah.

1 MR. WHITEHEAD: I need to think about that. Come back and ask me  
2 about that.

3 MS. BURGESS: Okay. It looks like maybe lunch is here so we can take  
4 a break.

5 MR. EGER: I don't think we're going to have lunch.

6 MR. WHITEHEAD: I think I may go home.

7 MS. BURGESS: You look more tired today than you did.

8 MR. EGER: You do look tired. That issue you raised, Margaret, it's  
9 probably an important one. It should probably have a line or two. But I  
10 think I'm with you, Clay. I think it's not our main point. I mean putting  
11 the competition into place -- and I'm thinking out loud here -- in the U.S.  
12 was of primary importance. It was vital to change the model. Europe  
13 operates entirely differently. You were in a different capacity. You know,  
14 we could have a line that says, I found myself in *Alice in Wonderland*, in  
15 promoting, as I have, competition that's an end itself and suddenly, you  
16 know, I realize I'm dealing with a government agency or a government, Pierre  
17 Werner was the prime minister, who says, "This is what we want to  
18 accomplish."

19 MR. WHITEHEAD: What we wanted to do -- We wanted to make money. The  
20 difference was, that over there each government controlled the programming  
21 on about three TV channels.

22 MR. EGER: Yeah.

23 MR. WHITEHEAD: And so, over there you had government control of

1 programming big time, almost totally.

2 MR. EGER: Yeah.

3 MR. WHITEHEAD: News, everything, and how does that play with  
4 programming here?

5 MR. EGER: Well --

6 MR. WHITEHEAD: I don't know that it does.

7 MR. EGER: Tom, your role was different. I mean, you were a  
8 government executive trying to figure out what's best for this country.

9 MR. WHITEHEAD: Yeah, that's true.

10 MR. EGER: You're a commercial guy. You're in business. You're not  
11 responsible for their public policy. You're not -- you're going to sell  
12 them the system.

13 MR. WHITEHEAD: Right.

14 MR. EGER: I think that can be rationalized, but to make the two --  
15 what's the word -- to say you're just a whore is wrong, too. You're saying,  
16 hey, "I'm not the prime minister."

17 MR. WHITEHEAD: Yeah, I'm in business.

18 MR. EGER: "I would do it differently, but that's not my job."

19 MR. WHITEHEAD: Right. A lot of material here, guys.

20 MS. BURGESS: Uh-huh.

21 MR. EGER: I think we got a lot done. We got a lot done. And we have  
22 a chapter outline coming. I mean, that we changed. We've got a lot of  
23 stuff on record. We kind of know what's going to go in each chapter

1 generally. And we've got marching orders to do chapter one. And I think  
2 the sooner we get started, the better.

3 MR. WHITEHEAD: I think that's good. I appreciate your help with  
4 everything.

5 (Interview ends).