

Remarks at a panel discussion, “Tom Whitehead – Theory and Practice”
At a convocation celebrating the accession of the
Papers of Clay T. Whitehead
By the Library of Congress
Washington, D.C., January 11, 2013
Christopher DeMuth

Thank you, Margaret. This wonderful evening is all your doing. I speak for everyone present in offering profound gratitude for your generosity, grace, care, and intensity of purpose that have brought us together. And we extend hearty thanks and congratulations to James Billington, Roberta Shaffer, and their colleagues at the Library of Congress for undertaking to preserve Tom’s papers for posterity.

Politics consists of the competition of interests and the competition of ideas. Among interests, the advantage lies with those that have already gotten themselves politically entrenched – farmers, teachers, retirees. Among ideas, the advantage lies with those that can mobilize tangible constituencies – green energy, homeownership, too-big-to-fail finance. New interests and abstract ideas, however worthy, operate at a disadvantage. At the very back of the pack is the idea that is good but hypothetical, and that not only lacks a live constituency but is actively opposed by entrenched interests.

Yet there are cases where such ideas do somehow prevail, and shower society with unanticipated benefits. It is for this reason that we should document, study, celebrate, and emulate Tom Whitehead and the amazing history of his White House Office of Telecommunications Policy in 1970–1974 and his subsequent career as a path-breaking entrepreneur.

That history will not be lost, thanks to the Library of Congress and to the website that Margaret has established.¹ But it does take some explaining. Tom was a reserved and cerebral man. He was interested in the deep structure of things rather than their surface appearance – with the hard engineering and economic facets of a situation rather than its transient political manifestations. He

¹ www.claytwhitehead.com – which will include the five presentations at the panel these remarks introduce, and a video of the panel presentations and discussion.

could be confident and incisive in analyzing problems and strategies, and warm and witty in conversation. But in the face of the talking-point diatribes so common to Washington, he would sit, Coolidge-like, saying nothing at all, staring at his garrulous interlocutors in unsettling silence. He was occasionally somewhat mysterious and indirect in his methods, so that no one knew exactly where he was going until suddenly he was there. And he was utterly oblivious to the arts of self-aggrandizement. Anyone who met him in the late 1960s would have judged him a frighteningly brainy academic who would be a complete disaster as a political operative or business promoter.

And yet Tom's practical accomplishments were not only great but also transforming – so much so that they risk being obscured by the Nobel Prize fallacy. When the Nobel in Economics is announced each October, newspaper readers exclaim: “What? He got the Nobel Prize for *that*? But it's *completely obvious!*” What they fail to see is how strange and errant the idea had appeared to be when it was first propounded decades earlier, and how it had been roundly denounced and contemptuously dismissed until – *voila!* – it triumphed so completely that it became the new conventional wisdom and penetrated the wider culture.

So our aim this evening is to provide perspective and verisimilitude, and perhaps a bit of personal color, to the days of yore when a young Nixon aide coolly advanced a set of policy ideas that were denounced and dismissed and forcefully – sometimes ferociously – opposed by the entire communications establishment. That would be the Ma Bell telephone monopoly, the three television networks that together controlled the airways and the evening news (NBC, CBS, and ABC – the old timers will remember them), and oh yes also the Pentagon, Federal Communications Commission, Department of Commerce, and powerful quarters within the Nixon White House itself.

In a few crowded years, Tom and his merry band of OTP policy warriors dispatched them all – with a competitive Open Skies policy in place of a Post Office-style communications satellite monopoly; with the first launch of a commercial communications satellite in 1974; with a manifesto and government-industry accord that laid the groundwork for a cable system that was no longer a mere extension cord for broadcast television, but instead a robust alternative

with hundreds of channels suited to every taste and interest; and with essential first steps toward today's system of universal 24/7 wireless voice and data communications available to practically every home, office, and handbag on the planet.

Tom was working in an administration where intellectual bandwidth was appreciated – dominated by the likes of Henry Kissinger, Daniel Patrick Moynihan, George Shultz, Arthur Burns, and James Schlesinger. In this company his reputation had risen so high by the spring of 1974 that he was tapped to chair a secret effort to plan an hour-by-hour transition of government in the event that President Nixon should resign his office to Vice President Ford (an effort that even they did not know about – or in any event did not acknowledge).

And then, the succession accomplished, Tom suddenly walked away from it all. He could easily have parlayed the prestige and connections of public office into a lucrative private perch. Instead he began afresh, taking his talents for creative disruption to the business world, where he saw more clearly than others that the new policies he had championed were opening avenues for radical innovation. As founder and president of Hughes Communications, his Galaxy satellite system pioneered the now-standard model of cable TV providers owning and managing their own space-based distribution channels. And then he conceived, founded, and chaired Cornet, later SES-Astra, in little Luxemburg – today one of the world's two largest commercial satellite companies along with Intelsat. There he pioneered the idea of direct-to-consumer small-dish satellite communications, and ingeniously used the scheme of national allocation of satellite orbit slots to obliterate the European state television monopolies that the allocation system had spawned.

Tom's business career recapitulated his government career – at first baffling and confusing the status quo establishment, then conquering and transforming it. He died at the age of 69, much too young – but it was 2008, and the new world of pluralistic, democratic, dynamic, user-centered communications had become reality, and Tom was busying himself at the next margins of disruption, such as promoting Internet freedom in totalitarian nations.

* * *

Tom Whitehead's boyhood in small-town Kansas was devoted to photography and darkrooms, ham radio and Heathkits, rocketry and chemistry. As an undergraduate at MIT in the late 1950s, he spent ten months working on experimental electronics designs at Bell Labs. His bachelor's and master's degrees were in electrical engineering, but his interests were turning to economics, systems- and decision-analysis, and defense policy. These led to several years at RAND and in the U.S. Army working on an array of projects ranging from spacecraft design to biological detection systems, and to a Ph.D. from MIT's Sloan School in 1967.

The following year, he was asked to direct budget policy issues for the Hubert Humphrey presidential campaign. The approach came as a surprise and reminded Tom that he had always regarded himself as a Republican: he politely declined and offered his services to the Richard Nixon campaign instead. During the Nixon transition in late 1968, he worked on defense and budget planning with an elite team that included Alan Greenspan, John Deutsch, and James Woolsey. During his first year in the Nixon White House, he became increasingly concerned that federal communications policies were suppressing technological innovation, and conceived the idea of a White House office to break the logjam of agency and commercial protectionism. He sold the notion, but floundered on the task of finding the right person to head the office. Reluctantly, and over the objections of colleagues and mentors who saw his future as a defense strategist, he agreed to take on the assignment himself.

One indication of the force of Tom's intellect and character is the extraordinary quality of the men he attracted to the new Office of Telecommunications Policy. A young law professor from the University of Virginia with an interest in regulatory policy, Antonin Scalia, signed up as general counsel. A young journalist and Hill staffer, Brian Lamb, came on as director of media and congressional relations. They are with us this evening.

Three other preeminent OTP veterans will begin our panel presentations:

- Henry Goldberg, who succeeded Justice Scalia as OTP general counsel, is one of the deans of American communications law, and seems to have been present as advocate or consigliere at every positive development in communications policy during the past 45 years.

- Dale Hatfield, who could actually talk transponders and switches and spectrum with the boss, went on to a distinguished career in academics and government; he was acting director of OTP's successor office in the Commerce Department and chief of engineering and technology at the FCC, and during his consulting days was involved in Tom's later business ventures.
- Bruce Owen, OTP's chief economist and ardent economic conscience, was a key architect of the Bell System break-up and telecommunications deregulation; following a highly successful career as an economic consultant, he returned to his alma mater of Stanford where he is now Doyle Centennial Professor of Public Policy and a senior fellow at the Stanford Institute for Economic Policy Research.
- Next we will hear from global entrepreneur Steven Koltai, Tom's partner and co-revolutionary at SES-Astra, a man whose career has spanned venture capital, management consulting, the entertainment industry, and government service and shows no signs of slowing down.
- The concluding presentation will be by Thomas Hazlett, professor of law and economics at George Mason University and one of America's most penetrating and prolific scholars of telecommunications policy. Professor Hazlett was Tom's colleague and friend during the latter years when Tom was a distinguished visiting professor at George Mason and an active participant in Professor Hazlett's Information Economy Project.

Further information about our speakers is in the programs. They will speak in turn, beginning with Henry Goldberg. . .