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FOREIGN SERVICE JOURNAL

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February 2008 Volume 85, No. 2

Cover and inside illustration by Sandra Pirie-St. Amour

FOREIGN SERVICE JOURNAL

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Foreign Service Journal (ISSN 0146-3543), 2101 E Street, N.W., Washington, D.C. 20037-2990 is published monthly with a combined July-August issue by the American Foreign Service Association (AFSA), a private, nonprofit organization. Material appearing herein represents the opinions of the writers and does not necessarily represent the views of the *Journal*, the Editorial Board or AFSA. Writer queries and submissions are invited, preferably by e-mail. *Journal* subscription: AFSA members – $13 included in annual dues; others – $40. For foreign surface mail, add $18 per year; foreign airmail, $36 per year. Periodical postage paid at Washington, D.C., and at additional mailing offices. Indexed by Public Affairs Information Services (PAIS). The *Journal* is not responsible for unsolicited manuscripts, photos or illustrations. Advertising inquiries are invited. The appearance of advertisements herein does not imply the endorsement of the services or goods offered.

TELEPHONE: (202) 338-4045
FAX: (202) 338-8244 or (202) 338-6820
E-MAIL: journal@afsa.org
WEB: www.afsa.org

Printed in the U.S.A. Send address changes to:
AFSA
Attn: Address Change
2101 E Street N.W.
Washington DC 20037-2990

Printed on 50-percent recycled paper, of which 10 percent is post-consumer waste.

PRESIDENT'S VIEWS

Speaking Up

BY JOHN K. NALAND

Near the end of my first tour as AFSA president in the spring of 2003, Deputy Secretary of State Richard Armitage told me: "I can't believe that you people put up with such inadequate resources during the 1990s." I was speechless. Didn't he realize that we had put up with inadequate resources because we believed that we had no choice? Political officials in the White House and Congress had consciously decided to reduce funding for diplomacy, so who were we as career officers to speak up about the inevitable adverse consequences?

But since then, the more I have thought about Mr. Armitage's words, the more I have become convinced that he was right. We should not have "put up with it" during the 1990s when staffing and operating budgets were slashed. Nor should we put up with it now that the hard-won budget and staffing gains made during the Colin Powell years have fallen behind the demands of new mission requirements. Once again, positions worldwide are going unfilled and operating budgets are under pressure.

Thus, even as the Foreign Service has "stepped up to the plate" to staff an unprecedented number of unaccompanied and other hardship posts in recent years, our national leaders have failed to meet their responsibility to provide the resources that we need to do our jobs. Loyalty, it seems, is a one-way street.

As we know all too well, a Foreign Service career requires many sacrifices. Therefore, over time, it is vital that those sacrifices be counterbalanced by the rewards (material and emotional) of service. Unfortunately, we are once again in a period in which rewards have declined even as the sacrifices intensify.

AFSA, of course, continues to lobby Congress for more resources for diplomacy and for pay modernization. We continue to submit bread-and-butter proposals to agency management seeking to bolster the rewards of service and ameliorate the burdens. But those details are topics for another column.

The purpose of this, my 50th *Foreign Service Journal* column, is to suggest that, under current circumstances, the Foreign Service should start refusing to be shortchanged. In the March 2000 issue, I made an observation that, unfortunately, is just as applicable today:

"Increasingly, the Foreign Service is a career out of balance. Years of lean budgets, expanding commitments and poor management have resulted in understaffed offices, overworked employees, and rising stress levels. This house of cards would have collapsed long ago were it not for our own individual dedication to duty and can-do attitude."

How then should we respond this time? As individuals, each of us should strive to establish our own family-friendly environment. We should maintain a balance between our jobs and our non-work life. We should insist on being allowed to take those training courses that would strengthen our skills set. We should hold out for that six-week home leave about which our family has been dreaming. We should not let our leave accrue to "use or lose" proportions.

As a group, we should stop acting as "enablers," whose polite silence about mounting shortfalls in diplomatic readiness allows our national leaders, like alcoholics in denial, to avoid facing up to urgent problems. We should not agree to do "more with less." We should not grudgingly accept poor leadership. We should speak out about inadequate staffing.

AFSA has indeed been speaking out in the face of inadequate resources over the last few years. In doing so, we are guided by our responsibilities as the voice of the Foreign Service. We are also guided by a recent member survey showing that two-thirds of respondents want AFSA to be more vocal and assertive, even at the cost of more friction with management (just 1 percent of respondents want us to be less vocal and assertive). With this strong backing, you can expect to see an increasingly vocal AFSA in the coming months. ■

John K. Naland is the president of the American Foreign Service Association.

Letters

CORRECTION

Due to a printing error, the final line of Kristin Loken's article in the January issue ("Not Just for Combat Veterans") was cut off on p. 45. Here is the full sentence: "But at least now I recognize what's happening early and know to give myself the luxury of more sleep and less pressure until I'm back to normal."

The Importance of Loyalty

I write to commend John Naland for his thoughtful column highlighting the importance of self-awareness among Foreign Service personnel (President's Views, December). I am a particular admirer of Chas Freeman, one of our most creative and articulate diplomats.

The issue Freeman raises about FSO attitudes is especially pertinent. Some years ago (30 or so!), I wrote an article for the *Foreign Service Journal* titled "Diplomat, Heal Thyself." After a tour as deputy executive secretary (S/S), I was especially concerned that a few FSOs appeared to be more concerned with their own careers than the needs and challenges of the Service. This was especially true during the years of the William Rogers-Henry Kissinger rivalry, when some senior State officers curried favor with Kissinger by leaking memos and cables, thus undermining the authority of the department.

Training will help, and part of this training must be designed to build a sense of esprit de corps and loyalty to the State Department.

Colin Powell understood this whole area of leadership, attention to morale and loyalty to his "troops" and practiced it brilliantly. Sadly, his example is not often followed.

R.T. (Ted) Curran
FSO, retired
Frankfort, Mich.

Where's the Vision?

We have focused so much attention on the immediate challenges facing the Foreign Service that we appear to be losing sight of the bigger, fundamental question. Our entry-level officers and specialists are being told that over the span of a career of 20 to 30 years, they can expect to serve one out of three tours in hardship posts, and two to three unaccompanied tours. What does this say about our vision of the world, and the role of U.S. diplomacy in shaping its future?

Looking to our future Foreign Service leaders — those who joined within the last five years — I believe that those of us in senior positions should frame for them a new, positive vision, and give them the means and wherewithal to achieve it.

The Foreign Service cannot afford to have its people spending the next 20 to 30 years in bunkers and fortresses; nor can the U.S. afford to lose the world's youth to radicalism, conflict and poverty. If the next generation of the Service has to serve multiple tours in dangerous, unaccompanied posts, then both it and our country will have failed.

Jane B. Zimmerman
Deputy Chief of Mission
Embassy Nicosia

The Other Unaccompanied Posts

In the recent furor over directed assignments to Iraq, a critical point was overlooked by the State Department, Congress, AFSA and the media. There are currently 12 unaccompanied posts in the world, where conditions are judged to be too dangerous for families. Considerable numbers of Foreign Service personnel have served ably and with dedication in those places, often in wartime conditions. This number will only grow. Whatever evolves in Iraq, hardship service and family separation will be key features of the Foreign Service from now on.

I accept this need and I am ready to serve. I believe that many of my colleagues would concur. The Foreign Service is composed of dedicated professionals, committed to furthering U.S. national interests. That said, such a shift in mission to an expeditionary diplomatic force imposes some obligations on State Department management.

I signed an agreement to serve worldwide; my family did not. This has direct and real consequences. I have volunteered for service in a Provincial Reconstruction Team in Afghanistan. It is hazardous duty in a "critical need" post. Afghanistan is a war zone, and a major U.S. foreign policy objective. Or is it?

The job for which I have volunteered is vacant. I have been asked to curtail my current assignment to arrive as soon as possible, which I am prepared to do. But, as we all know, under existing rules, once I accept an assignment to Afghanistan, my family is summarily thrown out of government housing and ceases to exist in any official sense.

Beyond the costs and disruption of moving twice in a one-year period, the family is left to set up a new household with no support network (and probably no furniture or car for the several months it will take for household effects to arrive). In my case, I would be expected to take my son out of school in the middle of 10th grade.

Those serving in Iraq are permitted to leave their families in place, where friends and neighbors can lend support and disruption is minimized. Is Afghanistan a less important war? Are the other unaccompanied posts unimportant?

The effect on the families is the same whether the employee is in Baghdad, Karachi, Lahore or Kandahar. Maybe we need to explain to those in the media and Congress who hammer us for not being present in the difficult parts of the world how our families are treated when we go.

Since the explanation usually given for these inequities is a lack of resources, I have to say I find it unseemly, misguided and inappropriate that the major legislative priority for AFSA and department management is to secure overseas comparability pay. I like money as much as the next guy, but if the State Department is going to devote its efforts to seeking an additional 20-odd million dollars from Congress, let's use those funds to provide acceptable support for families of deployed officers, rather than a pay raise. First things need to come first. Secretary of Defense Robert Gates, the president of the Heritage Foundation and many others have called for increased resources for a truly expeditionary Foreign Service. Why is *that* not our number-one legislative priority?

We all recognize that there are no longer purely military solutions to the many conflicts and crises our nation faces around the world. The Foreign Service needs to be fully engaged in difficult places. I stand ready, as do many others. Yet, if I continue to get the wrong answers for my family, I will have little choice but to consider declining the Afghanistan assignment rather than applying 17 years of experience somewhere I might make a difference. It is up to department management to make this call. I, for one, will be waiting to see which way they go.

Jeremy Brenner
Pol-Mil Chief
USEU Brussels

Strategic Outreach

In his November 2007 column, "Telling Our Story," AFSA President John Naland repeats the decades-old call for more efforts to raise domestic awareness of the Foreign Service.

In the process, he minimizes what many of us in the State Department are actually doing, and doing well. He states that the Bureau of Public Affairs, "with rare exceptions in recent decades, has focused exclusively on building support for the day's foreign policy initiatives, without also making efforts to build a long-term constituency for diplomacy."

As with most public affairs organizations, PA operates both short-term and long-term programs. And yes, the short-term programs deal with breaking news and usually focus on explaining and defending U.S. government policy.

In the long term, however, PA does exactly what Mr. Naland urges it to do: It seeks to build enduring constituencies for State and, by extension, diplomacy and the Foreign Service. PA's Office of Public Liaison directs speaking engagements nationwide on topics that extend from human rights to recruitment to breaking issues of the day.

But PA/PL is only one among many offices active in this outreach. The Hometown Diplomats program arranges programs for State officers where they make news easiest, in their home towns. And the Diplomats in Residence program brings practicing diplomats to campuses around the country.

My own Bureau of African Affairs has conducted strategic outreach — constituency building — over the course of its 50 years of existence. Consequently, AF maintains strong ties to colleges and universities long active in Africa, faith-based organizations, NGOs, African-American community groups, business organizations and World Affairs Councils. This extensive experience has resulted in a model of successful outreach, one that could teach even our colleagues at the Pentagon something about the subtleties of building a constituency for foreign affairs.

For example, a few months ago I traveled to Houston, where I spoke to an energy trade group focused on Africa, met with leaders of a Roman Catholic university that has a sister campus in Mozambique, and did a breakfast presentation at a historically black Rotary Club. This trip, one among many throughout the year that my office has organized with PA/PL, established relationships in a city with strong economic, social and cultural interests in Africa. Linking the State Department to that community has opened up a two-way channel that will demand care and feeding over the years.

In AF, we're not building a constituency for the Foreign Service per se. Rather, it is a constituency for U.S.-Africa engagement, diplomacy writ large. The story we tell is that of the Bureau of African Affairs, the State Department, the U.S. government and America. The benefits are legion, including grassroots support for all four entities.

I invite AFSA to team up with those of us in State who are charged with outreach. That relationship could then mark the beginning of a beautiful alliance for the benefit of all American diplomacy.

Gregory L. Garland
Bureau of African Affairs
Washington, D.C.

Making the Case

The recent meltdown in State management's handling of potential directed assignments still rankles weeks later. The upshot is a black mark on the image of the Foreign Service that will take time to eradicate. I have been confronted with the results of this blunder during my almost daily public appearances representing the department as a Diplomat in Residence. I make the ever-strong case for our Foreign and Civil Service careers and State's custodianship of U.S. diplomacy. But it sure hasn't been easy lately.

Here are my recommendations:

First, Embassy Baghdad needs to address honest questions potential volunteers might have and not self-righteously wrap itself in patriotic cant. Neither I nor most colleagues I talk to can fathom, for example, what 45 reporting officers can usefully do in a garrison embassy. It is not a lack of courage or patriotism that afflicts us. It's a lack of straight communication about the specific work that needs doing in Baghdad and the Provincial Reconstruction Teams.

There is a time-honored way to address this problem. AFSA needs to urge the embassy to provide capsule descriptions of these billets. I am convinced that such descriptions would attract more volunteers, even in the current environment at State.

Second, the comparison to the extensive training officers directed to Vietnam assignments received is meaningful. The lack of support for Iraq FS returnees with Post-Traumatic Stress Disorder is similarly telling and should be at the forefront of AFSA issues in this regard. ■

Peter Kovach
Diplomat in Residence, UCLA
Los Angeles, Calif.

Send your letter to the editor to journal@afsa.org. Note that all submissions are subject to editing for style, format and length.

CYBERNOTES

> I am going to speak an inconvenient truth. My own country, the United States, is principally responsible for obstructing progress in Bali. I don't know how you can navigate around this enormous elephant in the room, which I've been undiplomatic enough to name. But I'm asking you to do it.
>
> — Former Vice President Al Gore, addressing delegates to the Bali Summit, Dec. 13, *www.reuters.com*

Transforming Diplomacy: A Status Report

In documenting the progress of "transformational diplomacy," the Congressional Research Service has performed an important service. Its report, "Diplomacy for the 21st Century: Transformational Diplomacy," released in August, is available online at *Open CRS* (**http://opencrs.com/document/RL34141/**).

The Bush administration's signature foreign policy prescription, announced by Secretary of State Rice in a Jan. 18, 2006, address at Georgetown University, is intended to bring American foreign policy practice into line with the needs of an international system undergoing rapid and fundamental change. The doctrine elevates democracy-promotion activities and shifts emphasis from relations among governments to support of change within countries.

Apart from some institutional changes — people and positions were moved from Washington and Europe to "strategic," mainly developing countries and a new position of Director of Foreign Assistance (F) was created — foreign policy professionals have struggled to identify any real implications of the policy. And except for appropriations, Congress has not been involved in its implementation.

In its FY 2009 budget request, however, the State Department is seeking legislative authority to authorize funding and personnel for some aspects of the plan, prompting the study. Written by CRS foreign policy analysts Susan B. Epstein and Ken Nakamura (AFSA's former legislative affairs director), the report provides an overview of Sec. Rice's plan, the concerns that have been expressed regarding specific elements of the proposal and a sampling of reactions from other countries.

Foreign Aid: The View from the Field

The Republican staff of the Senate Foreign Relations Committee added a vital element to the debate over improving U.S. foreign assistance with a new report evaluating the delivery of foreign aid in the field (**www.access.gpo.gov/congress/senate/senate11cp110.html**).

"Embassies Grapple to Guide Foreign Aid," released on Nov. 16, is based on SFRC minority staff members' visits to embassies in 24 countries to examine how increased funding and new programs are being implemented and, in particular, how the new State Department-based aid coordination process is working.

The report's first finding sets the tone for its no-nonsense assessment: "From the field, it is clear that we have failed as a government and as a community of international development supporters to agree on either the importance or the content of a foreign aid strategy."

The report identifies the critical disconnects between Washington and the field and other factors, such as agency rivalries and a misunderstanding of the role of USAID, that impede the effective delivery of U.S. foreign assistance. A detailed analysis of the findings and a set of recommendations complete the report.

The Case for Revamping Foreign Assistance

On Dec. 10, at an event sponsored by the Brookings Institution, the Helping to Enhance the Livelihood of People Around the Globe Commission released its report, "Beyond Assistance," the comprehensive, 215-page product of its two-year-long investigation of the current system of providing foreign aid (**www.helpcommission.gov**).

Established by Congress in 2004, the 20-member group's mission was to "develop and deliver actionable proposals to the president, Secretary of State and Congress to enhance and leverage the efficiency and effectiveness of U.S. foreign assistance programs to reduce poverty through sustained economic growth and self-sufficiency."

The commission urges, first, that the Foreign Assistance Act of 1961 be rewritten to consolidate relevant legislation enacted piecemeal over the years. It further advocates development of a strong bipartisan strategy for foreign assistance programs and a reorganization of all U.S. international affairs functions, so that development is "elevated to equal status with defense and diplomacy."

While the majority of the panel members back formation of a "next-generation State Department" with four sub-Cabinet agencies reporting to the Secretary of State, a minority argues in a separate report for a new Cabinet-level Department for International Development with greater funding and stature (**www.americanprogress.org/issues/2007/12/revamping_assistence.html**).

At the Brookings event, HELP Commission Chairwoman Mary Bush and selected members were followed by a panel of independent experts led by Lael Brainard, director of Brookings' Global Economy and Development program. The transcript of this lively and informative discussion is available online at **www.brookings.edu/events/2007/1210help.aspx**.

PD: Changing of the Guard

Karen Hughes left Washington in mid-December, after two years as under secretary of State for public diplomacy. Replacing her is Broadcasting Board of Governors Chairman James Glassman, a former *Washington Post* columnist and resident fellow at the American Enterprise Institute. Glassman served in 2003 on the congressionally mandated panel, headed by Ambassador Edward P. Djerejian, that recommended overhauling public diplomacy programs. But his main qualification was the fact that his nomination would not have to go back to the Senate for confirmation.

Arguably the most powerful of the State PD overlords, Karen Hughes' achievements are likely to be subject to debate for some time. "I feel that I have done what Secretary Rice and President Bush asked of me by transforming public diplomacy and making it a national security priority," the Bush confidante told the *New York Times* when she announced her resignation on Oct. 31.

On her watch, PD funding rose to $845 million in Fiscal Year 2008 from $616 million in FY 2004. She reversed a decline in the number of visas given to foreigners to study in the U.S. and launched many initiatives, such as taking Muslim youth to watch the World Cup games in Germany, enlisting figure skater Michelle Kwan and baseball star Cal Ripken as public diplomacy envoys, and hosting Arab journalists at training seminars in Washington. She boosted the ranks of Arabic speakers representing the U.S. in regional media and encouraged the use of Internet-based technology, launching the department's own blog, *DipNote.*

During the last half of her tenure Hughes concentrated more on institutional changes. She set up regional media hubs to deal with the Arab media and a 24-hour, rapid-reaction team to monitor overseas news accounts and recommend messages to counter damaging stories. Amb. Djerejian, for one, gives her "high marks" in this. But, as Craig Hayden of the USC Center on Public Diplomacy observes: "If institutional capacity has been her focus in recent months, then perhaps we have yet to see the fruits of the Hughes era" (**http://uscpublicdiplomacy.com/index.php/newsroom/pdblog_detail/exit_karen_hughes/**).

Others, such as retired USIA FSO

50 Years Ago…

If we take a worm's-eye view of the world conflict, and cut foreign aid, hamstring reciprocal trade and emasculate our information program, the billions we spend for missiles and submarines and aircraft will be going right down a rat hole.

— Then-Vice President Richard Nixon, speaking on Dec. 6, 1957, in favor of a sound public relations policy to the Congress of American Industry, *FSJ*, February 1958.

Patricia Kushlis, are less optimistic. Acknowledging that Hughes "restored portions of core PD functions, like media reaction or rapid response units, which had been allowed to lay fallow since the demise of USIA in 1999," Kushlis argues that the fundamental structural changes "that could and should have happened" were not made (**http://whirledview.typepad.com/whirledview/public_diplomacy/index.html**).

Whatever she did accomplish, Hughes was not able to turn around the polls, which show a continuing decline in the U.S. image abroad, particularly among Muslim countries. But as Andrew Kohut, director of the Pew Research Center, which conducts many of these polls, told the *International Herald Tribune*, "This may not be a measure of her lack of competence, but how little public diplomacy can do when the issue, in the end, is big events."

U.S. Environment Policy in States' Hands

California Governor Arnold Schwarzenegger, with the support of 16 other Republican- and Democrat-led states, is suing the Bush administration in the latest move in a long battle to speed up efforts to reduce greenhouse gas emissions.

The State Department didn't forsee this standoff but may yet prove to have correctly anticipated the outcome. Its Fourth U.S. Climate Action Report, issued in July 2007 after White House clearance, notes that U.S. states are "taking a variety of steps that contribute to the [administration's] overall GHG intensity reduction goal" (**www.state.gov/g/oes/rls/rpts/car/**). Included is California's new law.

The dispute began with California's adoption of tough, new limits on toxic emissions from motor vehicles. The state's February 2006 request that the U.S. Environmental Protection Agency authorize the new law (under the Clean Air Act, the EPA is charged with regulating all emissions) was stalled.

On Dec. 19, 2007, EPA Administrator Stephen Johnson finally denied the request, arguing that the administration's recently passed energy bill offers "a clear national solution — not a confusing patchwork of state rules — to reduce America's climate footprint from vehicles."

But, according to the Environment News Service, though the Energy Independence and Security Act mandates a fuel economy standard of 35 miles per gallon by 2020, it does not regulate greenhouse gas emissions at all (**www.ensnewswire.com/ens/dec2007/2007-12-19-04.asp**).

Under the California Clean Cars Program mandatory fuel economy would begin a decade earlier, in 2009, and greenhouse gas emissions would be reduced by 30 percent by 2016. ■

This edition of Cybernotes was compiled by Senior Editor Susan B. Maitra.

Site of the Month
Environment News Service: www.ens-newswire.com

The Environment News Service, which describes itself as "the original, daily, international wire service of the environment," was founded in 1990 by Editor-in-Chief Sunny Lewis and Managing Editor Jim Crabtree. The service is independently owned and operated, and subscription is free.

With editorial offices in Washington, D.C., and Honolulu, Hawaii, and more than 100,000 subscribers among the media, corporations, government agencies, universities and citizen groups, the mission of ENS is to present environmental news in a fair and balanced manner. Contributors around the world cover issues and events on a daily basis, such as legislation, conferences, lawsuits, political campaigns, international agreements, science and technology and economics concerning every aspect of the environment.

ENS has been first with many stories over the years. Its correspondents were the first to report on the environmental consequences of the Persian Gulf War and conflicts in Croatia, Kosovo, Afghanistan and Iraq. An ENS reporter was first into the secret Soviet nuclear site at Alma Ata. Many news sources in the U.S. and around the world contact the ENS newsroom in advance of public announcements and work closely with the service on breaking developments.

The Web site contains an archive of stories organized by year and month.

SPEAKING OUT

Taking the King's Shilling

BY DAVID T. JONES

We all need to go to the C Street entrance of the Department of State.

We need to look again at the Memorial Plaques on the east and west sides of the lobby and review the names associated with our generation-ago venture in Vietnam (33 on the east side; seven on the west). They range from the still-renowned John Paul Vann, made famous as one of David Halberstam's "best and brightest," to those who were known only to family and friends.

In so doing, we need to appreciate again that taking the "king's shilling" sometimes incurs personal liability, requiring us to go places we would not otherwise serve. For a period in the late 1960s, every unmarried entering Foreign Service officer who had not already undertaken military service was assigned to Vietnam. These officers were primarily detailed to the Civil Operations and Revolutionary Development Support program. CORDS operated in the provinces to support local officials in their campaign to win hearts and minds. Perhaps today one might call them Provincial Reconstruction Teams.

By 1971 or 1972, it was clear that the war was lost. Even those who believed in the effort to defeat communism and feared the prospect of toppling dominoes throughout the region sensed that was the case. The inspiration taken from John F. Kennedy and reinforced by his assassination, to "bear any burden" and "pay any price," had dissipated. National elections had rendered a clear verdict that the price was now too high, the burden too heavy. And while the consequences of defeat were unknowable, they were deemed endurable.

> *Taking the "king's shilling" sometimes incurs personal liability, requiring us to go places we would not otherwise serve.*

Globally, U.S. prestige was at a low ebb. We were excoriated in the global media and denounced at the United Nations; our support for Israel during and after the 1973 war resulted in an Arab oil embargo and rupture of relations with most Arab/Muslim states.

This animosity was somewhat tempered by the reality that, at least within NATO's realm, U.S. forces remained vitally necessary to shield Western Europeans' national independence and even survival from Soviet/Warsaw Pact hostility. But the French were sardonically amused at the Americans' inability to do any better in Indochina than they had, while most "neutrals" leaned left toward socialism and viewed free markets as archaic or corrupt.

Domestically, President Johnson was reviled ("Hey, hey, LBJ; how many babies did you kill today?"), and President Nixon fared little better. The Department of State was hardly a snake pit of dissent over Vietnam policy, but senior officials largely ignored the dissent that was voiced or paid no more than lip service to dissenters' demurs. Does any of the foregoing sound familiar?

Yet even though they knew, or at least believed, that the U.S. effort in Vietnam was futile, those assigned there continued to take up the cudgels.

By April 1975, when helicopters were rescuing the last desperate refugees from the top of Embassy Saigon, some 58,000 members of the U.S. Armed Forces and 40 Foreign Service personnel had died over the course of the Vietnam War. The societal results of that defeat are still echoing within the persistent divisions of the boomer generation. The dominoes didn't (all) fall, but the genocidal massacres within Southeast Asia and vast population dislocations were abiding results of our participation and the nature of our withdrawal.

Bitter Parallels

Iraq is not Vietnam, to be sure. Not even forgotten history is doomed to repetition, but one can readily identify some parallels that already are bitter in the foretaste. Our rationale for invading Iraq in 2003 (unless you are into conspiracy theories) was based on hideously erroneous intelligence. The consequence of this failure will redound for decades within the intelligence community. As the most recent National Intelligence Estimate about Tehran demonstrates, who dares argue with the same conviction about the consequences of a hypothetical Iranian nuclear program as was done for the putative existence of Iraqi weapons of mass destruction?

Admittedly, our secondary objective in Iraq, after having discovered no WMD, is noble: the creation of a stable, multiethnic democratic state to serve as a catalyst for democracy elsewhere in the region. Indeed, it is an objective potentially more compelling that the reflexive anticommunism of the 1960s — even if the current president as its spokesman is less evocative than JFK.

But we have failed in Iraq. Now that we have fought there for longer than in World War II, the U.S. population no longer believes we can achieve even limited success within an acceptable timeframe given existing force constraints. Indeed, we voted to accept defeat in the 2006 election (and will affirm that decision next year in the presidential election).

Current domestic politics are an exercise in maneuvering to affix blame and responsibility on the other guy or gal. Implicitly, Americans are willing to accept the 21st century's version of the domino theory: greater sectarian slaughter; a "balkanized" Iraq in multiple pieces coincident with regional war; even a resurgent state sponsor of terrorism. Indeed, it is not hard to visualize our multimillion-dollar Baghdad embassy ablaze as helicopters vanish into the distance with the last of our Marine guards aboard. If the burning twin towers of 9/11 were one bookend for an era, the destroyed embassy would be another.

Should something less horrific eventuate — e.g., the "surge" works, sectarian violence declines (if only because of semi-voluntary ethnic cleansing), and the various political Sunni-Shia-Kurdish "horses" learn to talk — that will be fine, but Americans won't bet their Social Security checks on a sanguine outcome. The decline in domestic debate reflects casualty reductions, not any perception that "exit" is no longer the proximate objective.

It is brutally clear that the king's shilling is debased coinage in today's State Department.

As our bottom line, we will claim that we eliminated an odious dictator — and take satisfaction in the likelihood that Iraq will never have WMD. Or we will shrug that we led Iraqis to democracy, but they declined to drink. Either way, we will let historians do the cost/benefit analysis.

Debased Coinage

For the Foreign Service, it is brutally clear that the king's shilling is debased coinage in today's State Department. When, at one point in the autumn of 2007, 98 of 106 mid-level slots were reportedly unfilled in Baghdad, the Foreign Service rank and file said, "Hell, no, we won't go." Or, at least, we won't go voluntarily.

The wide circulation of a satirical "New FSO Exam" that suggests anyone with Arabic-language skills will be immediately accepted — and equally immediately dispatched to Iraq — suggests a widespread attitude change within the Foreign Service. The last generation "drank the Kool-Aid," but this generation has learned that "fool me twice, shame on me." In their eyes, not only don't those in charge know best, but they are dunces. Indeed, so far as Iraq is concerned, at this juncture, all of the "boy scouts" who genuinely believed in the mission have already served there. And the careerists who viewed Iraq as a ticket in need of punching for the upward trail already have their T-shirts and have moved on.

So far as the rest of the Service is concerned, the bribes to serve in Iraq are not large enough, the implicit promises of professional preference are not assured, and the mission looks like a failure with which they have no desire to be associated. Consequently, for the first time in my professional memory, the specter of directed assignments has been bruited about. Secretary of State Condoleezza Rice insists that meeting this need is a top priority but career professionals have their doubts.

In the midst of the controversy, AFSA President John Naland issued a riposte to those outside the department critical of Foreign Service attitudes. He mounted a statistical case to demonstrate that State is pulling its weight, noting that our personnel strength is tiny (there are more members of military bands than State Department diplomats), widely dispersed among 267 embassies, consulates and missions, and largely assigned overseas — many of them hardship posts. That is all true, yet the response falls into the "protest too much" category.

Obviously, beneath the perception that we are not pulling our weight — a view reinforced by the desperate maneuvers to fill unattractive slots with even marginally qualified candidates — there is an underlying reality that we must appreciate. Frankly, many FSOs believe that they are the equivalent of finely honed daggers being used to chop wood. Despite the fact that worldwide availability is a prerequisite for joining the Foreign Service, we want to take the government's shilling but spend it in places of our choosing.

It isn't news that individuals want to eat their cake and have it, too. Nor is it a case of "man bites dog" that few people will blithely go into harm's way if a detour is available. But what *is* news is that an ostensibly disciplined profession has so comprehensively rejected its leadership.

Iraq is not Vietnam, but one can readily identify bitter parallels between the two.

In the end, the Foreign Service reflects U.S. society and does so now far more than in the past. Even the armed forces are expressing barely muted resentments over the systemic and individual stress of repeated Iraq assignments. We all need to appreciate the stringent new limits on our nation's ability to project power and endure punishment under ambiguous circumstances.

Our losses in armed forces and diplomatic personnel are less than a tenth of those who died in Vietnam. If our practical societal limits are now approximately 4,000 military personnel killed in action (albeit all volunteers) and three Foreign Service personnel (likewise, all volunteers), we will have to re-tailor our foreign affairs objectives to meet the cloth that is available.

But so far as the Foreign Service is concerned, the Vietnam past is not the Iraq prologue. ■

David T. Jones, a retired Senior Foreign Service officer, is a frequent contributor to the Journal.

A CALL TO ACTION

Sandra Pirie-St. Amour

PREPARING FOR AND ADAPTING TO A CHANGING CLIMATE WILL BE ONE OF THE CENTRAL TASKS OF INTERNATIONAL RELATIONS FOR THE REST OF THIS CENTURY.

BY TIMOTHY E. WIRTH

Climate change is no longer just an environmental issue, but one of the greatest economic, political and security challenges of the 21st century. And it will be one of the most complicated and compelling diplomatic challenges as well.

Increasingly, climate change is becoming a matter of life and death — not just for animals and plants, but for people; and not some time in this century, but today.

When extreme weather, intensified by climate change, causes floods, people die. When the rains fail in Africa because of climate change, people die. The tragedy of Darfur is partly due to climate change — as rainfall diminished, herders and farmers fought over the remaining arable land. As sea levels rise, deserts spread and glacier-fed rivers dry up, many millions of people must move or perish. Preparing for and adapting to a changing climate will be one of the central tasks of international relations for the rest of this century.

That is why Vice President Al Gore and the United Nations' Intergovernmental Panel on Climate Change won the 2007 Nobel Prize for Peace, not for biology or economics. The Nobel Academy recognized that environmental degradation is a precursor to impoverishment and conflict. Changing the climate puts human civilization at risk.

The Need to Act

Twenty years ago, in an historic act of foresight, two United Nations agencies — the World Meteorological Organization and the U.N. Environment Program — created the Intergovernmental Panel on Climate Change. A scientific intergovernmental body, the IPCC has delivered increasingly clear and forceful reports about the growing threat of climate change. The now-authoritative science underscores the urgent and overdue need to act: every year that goes by increases the risk of harm and makes more difficult the task of stabilizing global temperatures at a tolerable level.

Timothy Wirth has been the president of the United Nations Foundation and Better World Fund since those organizations were founded in 1998. He began his political career as a White House Fellow under President Lyndon Johnson and was later deputy assistant secretary for education in the Nixon administration. Wirth then returned to his home state of Colorado and successfully ran for the U.S. House of Representatives, representing the 2nd Congressional District from 1975 to 1987.

In the House, he concentrated his efforts in the areas of communications technology and budget policy. Elected to the U.S. Senate in 1986, he focused on environmental issues, particularly global climate change and population stabilization, until 1993. He then served in the U.S. Department of State as the first under secretary for global affairs from 1993 to 1997.

This action must take at least three forms: negotiation, investment and adaptation — negotiation to reduce global emissions, investment to bring about a complete transformation of the world's energy systems, and country-by-country adaptation to the inevitable effects of climate change.

Negotiation is now front and center as the world prepares to negotiate a new implementing agreement for the U.N. Framework Convention on Climate Change. This treaty, signed in Rio de Janiero in 1992 by President George H.W. Bush and immediately ratified by the U.S. Senate, defined its objective as "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system." The 1997 Kyoto Protocol and the December 2007 negotiations in Bali represent ongoing efforts to implement the convention and make it effective. The first commitment period under the original Kyoto Protocol comes to an end in 2012, so the critical task is to negotiate what comes next — preferably a new and comprehensive global agreement that puts the world on a path to achieve the Framework Convention's objective.

The negotiations leading to the Kyoto agreement were prolonged and extremely difficult, and the ambitions then were relatively modest compared to the challenge today. It will therefore be even more difficult and complex to reach agreement this time. But world opinion has shifted over the past decade toward full recognition of the scale of the threat and the urgency of action, sparking optimism that common ground can be found. To have a new climate agreement in place by 2012, however, negotiations must be completed by the end of 2009 to allow time for ratification and implementation.

To initiate development of a post-2012 framework for international cooperation on climate change, 187 countries met in Bali, Indonesia. On Dec. 15, 2007, they adopted a negotiating roadmap for 2008-2009.

That agreement calls on nations to complete within two years a comprehensive agreement for preventing catastrophic climate change. The Bali roadmap calls for creation of a long-term global emissions reduction goal consistent with the U.N. Framework Convention's goal of preventing "dangerous anthropogenic interference with the climate system." It calls on developed nations to take the lead on emissions reduction targets, while recognizing that *all* nations have an obligation to reduce emissions, consistent with national development objectives and the convention's principle of common but differentiated responsibilities. Finally, the Bali roadmap calls for negotiation of concrete steps the international community can take to foster progress on adaptation, technology and finance.

Toward a New Agreement

The upcoming negotiations must be guided primarily by what the science is telling us: We must stabilize atmospheric concentrations of heat-trapping gases by massively cutting current and future emissions. Imagine that the atmosphere is a bathtub, and the tub is half-full. We're rapidly pouring (emitting) carbon into that bathtub, the spigot is wide open, and the water level (concentration) is increasing. The job of the international community is to figure out how to turn down that spigot — slow down the amount of carbon going into the atmosphere — before the bathtub overflows. This is an enormous challenge, but also an economic opportunity. The question for diplomats and politicians alike is: How do we get there?

The 1992 Framework Convention established the principle that countries should address the climate challenge "on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities." Developed countries should take the lead because over many years they have contributed the most to the buildup of greenhouse gases in the atmosphere. Meaningful engagement of developing countries, especially the rapidly industrializing economies, is also needed. But requiring all countries to achieve the same percentage reduction in the same time period would be unfair and, frankly, impossible. The developed countries put the carbon into the atmosphere to start with; they were the first to use the atmosphere as a carbon garbage dump. Thus, it is first and foremost the developed countries' task to change their own behavior and help the world to adapt, while encouraging others — like China and India — to avoid the same bad habits and embark over time on a low-carbon path.

This key issue — who has what responsibility, and when do those obligations kick in — is at the heart of the climate negotiations. It will also be critical to the Senate's future ratification of any new climate protocol. We must be flexible enough to recognize and accept the value of diverse approaches to the climate challenge.

In the interest of developing flexible new approaches for international cooperation on climate change, last year the U.N. Foundation and the Club of Madrid — a group of 66 democratic former heads of state and government — convened a distinguished task force known as Global Leadership for Climate Action. The objective of this diverse group (facilitated by the highly effective former CEO of the Global Environment Facility, Mohamed El-Ashry) was to develop and propose the outlines of a broadly acceptable global climate agreement.

The task force's September 2007 report, *Framework for a Post-2012 Agreement on Climate Change*, breaks the complex subject of climate change down into four "pathways" to agreement: mitigation, adaptation, technology and finance. It recommends that parallel negotiations proceed along each pathway during the next two years in order to move toward a new agreement and make further progress in implementing the 1992 climate treaty. This general framework helped to organize U.N. Secretary-General Ban Ki-moon's high-level session on climate last September and the Bali discussions.

The climate agreement to be negotiated in 2008 and 2009 must be comprehensive. It should include all countries, all sectors, all sources and all sinks. However, "comprehensive" does not mean "one size fits all." Rather, targeted agreements — for example, on industrial energy use, energy efficiency, renewable energy and technology cooperation — should be encouraged and incorporated within a new comprehensive framework. These pacts could encompass a much broader array of countries than those who immediately commit to an emissions cap. Sectoral agreements — also developed within the global U.N. framework — should also be encouraged: the auto industry, cement, steel and utilities should be on everyone's early lists.

China may not accept an immediate cap on its emissions, but should be encouraged and credited with the important actions it has already taken: setting a target of improving its energy efficiency by 4 percent per year, imposing fuel economy standards that are stricter than those of the U.S., and moving to double its renewable energy capacity (to 15 percent) by the year 2020. Those steps will significantly reduce Chinese emissions, while putting the PRC on a path toward a lower-carbon economy. Like the U.S., China is learning how to cope with the looming climate crisis; but unlike America, it has made a relatively small contribution to the level of carbon in the atmosphere.

The PRC is also emerging as a global leader and, in dealing with the climate crisis, should become our partner, not our adversary. While Washington can and should lead in such fields as technology, economic transformation and sectoral modernization, Beijing can serve as a model and challenge, especially to other nations in the rapidly developing world. Together, we can demonstrate that the climate crisis is also an opportunity, so addressing it advances everyone's self-interest.

The Need and Opportunity for Investment

The transition to a low-carbon energy path, which will utterly transform the world's energy systems, will require the investment of trillions of dollars in energy-efficiency and clean-energy technologies. Understandably, prospective investors first want certainty that this massive change will, in fact, occur. The irony is that, while climate change brings huge, unprecedented and urgent risk to the globe overall, its very scale provides the basis for greater certainty for innovative technologies and investment opportunities. The greater the climate risk, and the greater humanity's understanding of that risk, the more important these technologies are, and the more attractive these investments become. The world is already poised to act, and more and more governments and individuals recognize the urgency of a response.

The first and most important step to convey certainty and generate the necessary investments is to put a price on carbon. This was one of the key observations made by economist Nicholas Stern to the British government in his October 2006 report, *The Economics of Climate Change.* Another, even more significant, conclusion was this: "The costs of stabilizing the climate are significant but manageable; delay would be dangerous and much more costly." The debate prior to that intellectual breakthrough asked: How much is action on climate going to cost? The debate now centers on the cost of inaction, which grows sharply the longer we delay.

The Stern paradigm reminds us of the mutually reinforcing nature of economic and environmental progress. Ecological systems are the very foundation of modern society — in science, in agriculture and in social and economic planning. Yet the biggest obstacle to the pursuit of sustainable development, both in the U.S. and elsewhere, has been the misguided belief that protecting the environment is antithetical to economic interests.

Unhappily, for far too long concern about the environment has been regarded as a peripheral issue that can be treated as a luxury in the context of prosperity. And far too many people still say, "Yes, I'm for the environment ... as long as it doesn't cost jobs." The fact is that the economy is inextricably tied to the environment and totally dependent upon it.

Five biological systems — croplands, forests, grasslands, oceans and fresh waterways — support the world economy. Except for fossil fuels and minerals, they supply all the raw materials for industry and all our food:

- Croplands supply food, feed and an endless array of raw materials for industry, such as fiber and vegetable oils.
- Forests are the source of fuel, lumber, paper and countless other products.
- Grasslands provide meat, milk, leather and wool.
- Oceans and fresh water produce food and drink for individuals and resources for industries.

Those resources constitute the foundation for all economic activity and all jobs. Stated in the jargon of the business world, the economy is a wholly-owned subsidiary of the environment. And when the environment is forced to file for bankruptcy because its resource base has been dissipated or irretrievably compromised, then the economy will go down with it.

American leadership to avoid a bankrupt future by setting the right example and bringing the world along remains central. The most important step we can take at home is putting a price on carbon that reflects its true cost to the environment and society. One way to do this is through a carbon tax. The other is a "cap and trade" system that draws on the power of the marketplace to reduce emissions in a cost-effective and flexible manner.

The purpose of such measures, it is important to note, is not to impose higher energy costs on consumers. Rather, it is to set the rules of the game in such a way that clean technologies can compete with dirty ones and, indeed, over time outcompete them. This will lead to a great wave of innovation, investment, economic development and job creation — all of which the U.S. has historically done better than any other nation in the world.

U.S. leadership on technology development and deployment is also essential to lowering the cost of reducing carbon emissions. Yet spending on energy research, development and deployment today is a small fraction of what it was more than 25 years ago. The federal government should make a major commitment to restoring investment in research, development and dissemination. There should be an immediate doubling of resources to accelerate the deployment of high-priority technologies in such areas as carbon capture and sequestration, second-generation biofuels and a modernized electric power system. Then the U.S. and others should find ways to collaborate effectively with developing countries on the development and deployment of new sustainable energy technologies.

Preparing for the Impact

Technology change alone will not be enough, however; spending on adaptation will also be needed. Since there is enormous inertia in the climate system, significant effects of our climate-forcing pollution are already inevitable and largely irreversible, and they will be felt first and most keenly in the poorest countries. The United Nations Development Program's 2007/2008 Human Development Report, *Fighting Climate Change: Human Solidarity in a Divided World*, warns that the world is drifting toward a tipping point that could lock the poorest countries and their poorest citizens in a downward spiral, leaving hundreds of millions facing malnutrition, water scarcity, ecological threats and a loss of livelihoods.

As John Podesta and Peter Ogden explain in their excellent paper, "Global Warning: The Security Challenges of Climate Change": "In the developing world, even a relatively small climatic shift can trigger or exacerbate food shortages, water scarcity, destructive weather events, the spread of disease, human migration and natural resource competition. These crises are all the more dangerous because they are interwoven and self-perpetuating: water shortages can lead to food shortages, which can lead to conflict over remaining resources, which can drive human migration, which, in turn, can create new food shortages in new regions. Once under way, this chain reaction becomes increasingly difficult to stop, and therefore it is critical that policymakers do all they can to prevent that first climate change domino — whether it be food scarcity or the outbreak of disease — from toppling."

Exacerbating the stresses on the poorest countries is the exponential growth of the human population. World population has doubled since 1950 and now stands at 5.6 billion. Every year, the world gains another 91 million inhabitants — the equivalent of another New York City every month, another Mexico every year, another China every decade. Ninety-five percent of that growth is taking place in the impoverished countries of the developing world, which are already struggling to provide jobs and sustenance for their people.

The largest populations in the history of the world are now entering their child-bearing years. Will these women be able to make decisions for themselves about the size of their families and the spacing of their children, and will we meet the commitments that we made in Cairo to reproductive health, rights, services and commodities? On this, the jury is out. We know that the social and economic return from empowered women and stable families is one of the most important variables, and we know what to do to reach this opportunity.

Early in 2007, with support from the United Nations Foundation and under the banner of the scientific research society Sigma Xi, a distinguished group of some of the best scientists in the world put out a report titled "Confronting Climate Change, Avoiding the Unmanageable and Managing the Unavoidable."

That's where we are. We are working to avoid the unmanageable and to manage the unavoidable. Our first obligation as human beings is to preserve our species. That means not fouling our nest beyond repair. We are gambling with a global climate system that we do not fully understand. It is capable of abrupt shifts, and those shifts are not reversible. If the Arctic ice cap, the engine of our weather systems, disappears, reducing our emissions will not put it back. If Greenland melts and Miami disappears, reducing our emissions will not put it back. We have to act now before it's too late.

We have the tools and the technology. Moving our energy systems into the 21st century will be a great challenge but also a great business opportunity, an opportunity for leadership and innovation. All that we lack, as former Vice President Al Gore says, is political will — and that is a renewable resource. ■

THE POST-BALI ROADMAP

STATEMENT TO THE THIRTEENTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE U.N. FRAMEWORK CONVENTION ON CLIMATE CHANGE

The timing of the December United Nations climate change conference in Bali, Indonesia, precluded the incorporation of a detailed State Department readout in this month's coverage. However, our March issue will contain an article from the department detailing the U.S. position on international efforts to address climate change and responding to the Journal*'s February coverage.*

To set the stage for that response, here is Under Secretary for Democracy and Global Affairs Paula J. Dobriansky's Dec. 12, 2007, statement at the Bali conference. That is followed by an announcement of the March 2008 Washington International Renewable Energy Conference, which the Department of State will host.

— Steven Alan Honley, Editor

Thank you, Mr. Chairman. We commend you for an outstanding presidency and a superbly arranged conference. Your leadership and that of Secretary General Ban Ki-moon are greatly appreciated and have contributed significantly to the COP proceedings.

Congratulations to Dr. Pachauri and the Intergovernmental Panel on Climate Change for their excellent work and Nobel Prize. As the IPCC report reminds us, we are at a defining moment. We must develop a global response that rises to the scale and scope of the challenge before us.

The United States is committed to doing its part in this effort. We seek to work together toward a "Bali Roadmap" that will advance negotiations under the U.N. Framework Convention on Climate Change and lead by 2009 to a post-2012 arrangement that addresses climate change and strengthens our energy security.

A post-2012 arrangement must be environmentally effective and economically sustainable. It also must be flexible.

To attract global participation, a future arrangement must be flexible and accommodate a diverse range of national circumstances. We must also develop and bring to market clean energy technologies at costs that countries can justify to their citizens.

Emissions are global and the solution, to be effective, will need to be global. We want the world's largest economies, including the United States, to be part of a global arrangement. An approach in which only some are committed to acting cannot be environmentally effective.

We have proposed that a future arrangement contain several elements:

Mitigation

First, in the area of mitigation, we believe a post-2012 arrangement should contain both a long-term global goal for emissions reductions and national plans that set measurable midterm goals. It should include improved measurement and accounting systems to track the progress of these efforts.

We must reduce emissions from deforestation. We welcome the World Bank's Forest Carbon Partnership Facility, and we are committed to continuing our leadership through initiatives such as the Congo Basin Forest Partnership, the President's Initiative Against Illegal Logging and the Tropical Forest Conservation Act.

Adaptation

A second critical issue is adaptation, which is an increasing priority both at home and internationally. We are promoting effective planning as part of broader development strategies. Initiatives like the Global Earth Observation System of Systems initiative, involving more than 70 countries, can play a key role in this effort. Last week, we announced $4.35 million for the Coral Triangle Initiative to help Indonesia adapt to some of the stresses that may come with climate change.

Technology

Technology is a third key element of a post-2012 arrangement. We want to collaborate on technology development and deployment strategies for key sectors such as advanced coal technologies and second-generation biofuels and work to increase access to technologies, especially for developing countries.

Financing

Finally, a fourth element is financing. President Bush has proposed a new international clean technology fund to accelerate the uptake of clean energy technologies around the world, and Treasury Secretary Hank Paulson is reaching out to partners to further develop this concept. Also, we recently joined the European Union in submitting a ground-breaking proposal in the World Trade Organization for eliminating tariff and non-tariff barriers for environmental goods and services.

The Road Ahead

The United States is committed not only to developing a roadmap but seeing it through to its conclusion. We have brought one of our most senior delegations ever to Bali, including the chairman of the White House Council on Environmental Quality, James Connaughton, who is President Bush's personal representative to the Major Economies Process.

As we go forward from Bali, we hope that the Major Economies initiative — announced in May 2007 and since endorsed by leaders of the Group of Eight and Asia-Pacific Economic Cooperation — can play a positive role by developing a detailed contribution to and advancing the UNFCCC process.

Mr. Chairman, we hope that the end of 2007 marks a new beginning: the launch of a new phase in climate diplomacy and negotiations that put us on the road to an environmentally effective and economically sustainable post-2012 arrangement on climate change. ■

The Washington International Renewable Energy Conference

In the spirit of the 2002 World Summit on Sustainable Development and global renewable energy conferences in Bonn (2004) and Beijing (2005), the State Department, on behalf of the U.S. government, will host the Washington International Renewable Energy Conference 2008 (WIREC 2008), March 4-6, 2008, at the Washington Convention Center. WIREC 2008 will focus on four pillars necessary to advance the uptake of renewable energy into the broader energy equation: agriculture and rural development; finance; commercialization/market adoption of renewable energy; and technology/research and development.

AMAZONIA ON THE BRINK

THE VULNERABILITY OF THE AMAZON FOREST MAKES ACTION ON THE GLOBAL CLIMATE CHANGE AGENDA EVEN MORE URGENT.

BY THOMAS E. LOVEJOY

The Amazon River Basin, also known as Amazonia, is inextricably linked with climate change on several levels. First, it is not only an important source of greenhouse gases but has a great ability to absorb such gases. Second, it constitutes a linchpin to the climate further south. And, finally, it appears to be nearing a threshold change; i.e., a sudden, fundamental shift in conditions.

The marked recent increase in greenhouse gases over pre-industrial levels comes from two sources: ancient and modern photosynthesis. As is well known, the combustion of fossil fuels (gas, oil and coal) releases energy acquired by ancient photosynthesis and trapped in geological formations, along with greenhouse gases. And it is doing so within a relative instant in geological time compared to how long those fuels took to be created.

Less appreciated is the fact that, at the same time, global deforestation and burning are similarly releasing energy and carbon dioxide into the atmosphere in sufficient quantities that they account for the origin of approximately 20 percent of the annual increase in CO_2 concentrations. Moreover, in this case the photosynthesis is essentially contemporary, so the energy released is harnessed for no useful purpose.

Taking both processes into account, the four biggest greenhouse gas-emitting nations are the United States and China (due to their use of fossil fuels), plus Brazil and Indonesia (because of deforestation). So clearly, reducing deforestation can make an important contribution to reducing emissions and slowing the increase in greenhouse gas concentrations. Similarly, active reforestation and afforestation (the process of establishing a forest on land that has not been forested for a long time) can play an important role in removing carbon dioxide from the atmosphere, especially in the early years of rapid growth.

The latter two measures are part of the "clean development mechanism" of carbon trading, the international instrument set up under the Kyoto Protocol of the climate change convention. Reducing deforestation, a policy proposal technically known as "reducing emissions from deforestation and degradation," or REDD, was discussed for the first time this past December at the Bali meeting of the U.N. Framework

Thomas E. Lovejoy is president of the H. John Heinz III Center for Science, Economics and the Environment, and has worked in the Brazilian Amazon since graduate school. A specialist in the interface of science and environmental policy, he coined the term "biological diversity" and originated the concept of debt-for-nature swaps.

Convention, where it was approved in principle.

Until now, the forest segment of the greenhouse gas/climate change threat has been treated as a side issue. But the time is now at hand for a grand bargain that provides incentives for forest protection and REDD, plus aggressive reforestation and afforestation.

Several global climate models show a potential drying trend in the eastern Amazon.

A Fragile Giant

Worryingly, the Amazon River Basin is itself vulnerable to the effects of climate change. Several global climate models, in particular the one run by Britain's Hadley Center, show a potential drying trend in the eastern Amazon, a process often called Amazon dieback or savannaization. Were this to happen, there would be massive loss of forest and biodiversity, as well as the release of a significant amount of carbon into the atmosphere. The model is too imprecise at this time to put an actual number on the amount of carbon that would be released as a positive feedback loop, but a sense of the scale can be derived from the fact that at present the Amazon forest contains a carbon stock equivalent to about 15 years of the current annual increase in atmospheric CO_2.

Complicating matters, changes within ecosystems like the Amazon jungle are not simply gradual and linear. Instead, such ecosystems are known to experience threshold responses to past climate changes. The most notable example is the dieback of the coniferous forests in parts of North American and Europe, where longer summers allow native pine bark beetles to spawn another generation every year, leading to massive tree death.

One Amazon Basin threshold relates to its remarkable ability to recycle water. About 25 years ago, through the brilliant analysis of isotope ratios of oxygen in rain samples from the Atlantic to the western frontier of the Brazilian Amazon, Brazilian scientist Eneas Salati demonstrated that the region generates half its own rainfall. As moisture comes off the Atlantic, it falls as rain in the eastern part of the Amazon; then as much as 75 percent of the water evaporates off the complex surfaces of the forest, is transpired by trees and carried westward toward the Andes.

When the moisture-laden air reaches the Andes, it is deflected north and south. Consequently, a significant fraction of the rain south of the Amazon in Mato Grosso, São Paulo and northern Argentina comes from the Amazon and the hydrological cycle. That means that an important part of Brazil's powerful agro-industry and some of its hydroelectric power depend on the Amazon rain machine.

Salati calculated that approximately 50 percent of Amazon rainfall was generated within the basin in this fashion. His findings shattered the previous paradigm, under which vegetation was simply the consequence of climate and had no effect on meteorological conditions.

It has been clear for decades that at some point deforestation can undercut the cycle, causing the Amazon rain machine to begin degrading. The difficulty has been how to define where that threshold would be before it has already passed. It is a complicated question because not all parts of the Amazon contribute equally to the recycling, but a Brazilian Ph.D. thesis calculated the tipping point as occurring when the forest would be about 40-percent deforested.

With official deforestation in the Brazilian Amazon at something shy of 20 percent, a threshold double that would seem to give considerable comfort. But unfortunately, deforestation is not the only way the hydrological cycle can be affected.

Since the demonstration of the existence of the hydrological cycle, the El Niño phenomenon off the west coast of South America has gone from something considered a local problem, mainly affecting the anchovy fishing industry, to one with almost global climatic reach. In El Niño years, there is extensive rain up the coast into North America, and strong drought in Southeast Asia and Indonesia. In addition, the effects reach across South America to cause drought in northeastern Brazil and the eastern Amazon. In 1997, the El Niño effect was so severe that satellites revealed a smoke cloud as big as Brazil hanging over South America.

Quite separately, the Brazilian Amazon experienced a severe drought in 2005 associated with the changes in the Atlantic circulation that spawned Hurricane Katrina. This was the most severe drought in record-ed history and reached deep into the central Amazon. It is thought that this was a preview of what climate change could bring.

Thus, maintenance of the Amazon rain machine will require enough forest to remain robust in the face of the triple threat of deforestation, El Niño and the 2005 type of drought. While there is no proof at this point, the deforestation threshold level must surely be much closer to 20 percent than 40.

The Larger Picture

All of this plays into the larger picture of forest and climate change. For internal economic reasons alone, Brazil needs to move from deforestation targets to what some nongovernmental organizations now term "Zero Deforestation." That is an enormous challenge and simply cannot be undertaken with current resource levels.

Reducing emissions from deforestation and degradation was approved in principle at the recent U.N. conference in Bali.

Were carbon payments for REDD to come into existence (on terms acceptable to or designed by Brazil), however, they would constitute a resource of suitable magnitude. This is an interesting, if slightly transformed, echo of the old view that the Amazon are the lungs of the world, obligating the world to pay for the oxygen they provide. We now know, of course, that the Amazon is at best only a tiny net producer of oxygen, and that, instead, it is carbon (in the standing forest and the ability to further sequester CO_2 by existing forest and reforestation) that counts in the climate change equation.

The principle is much the same, however. The Amazon provides an important ecosystem service in the global carbon cycle that REDD payments can both compensate for and encourage. It is interesting that at the state level there is already strong interest, especially in the states of Amazonas and Acre. In fact, Amazonas has instituted ecosystem service payments to communities that maintain their forests.

Global deforestation and burning are releasing large quantities of energy and carbon dioxide into the atmosphere.

While the Amazon is only part of the "forest and greenhouse gases" story, it is clearly an important part. It also plays a critical role for part of the Brazilian economy because of the rain machine. And it has imbedded within it a threshold that could lead to Amazon dieback sooner than climate change alone would bring about.

In the end, the vulnerability of the Amazon forest makes the global climate change agenda even more urgent. The recent Intergovernmental Panel on Climate Change synthesis report shows the average global temperature to be 0.75º Celsius above pre-industrial levels. The time lag between reaching a particular level of greenhouse gas concentration and the consequent trapping of heat energy means that even without any more emissions whatsoever, the Earth's temperature is forecast to increase another 0.75 degrees, to a total of 1.5º above pre-industrial levels. Many scientists believe it is unsafe to go more than 2.0º above the pre-industrial mark. And, once the average global temperature has risen to 2.5º above pre-industrial levels, climate change alone will cause Amazon dieback.

The time is very much at hand — indeed overdue — to press forward with all ways to eliminate further greenhouse gas emissions. Preserving the forests of the Amazon region should be prominent among the goals of such initiatives. ■

THE ARCTIC BELLWETHER

THE WORLD WOULD DO WELL TO FOCUS ON THE ARCTIC, WHERE THE AVERAGE TEMPERATURE HAS BEEN RISING AT TWICE THE RATE OF ANYWHERE ELSE.

BY ROBERT W. CORELL

Earth's temperature is now rising at a rate unprecedented in the experience of modern human society. While some historical changes in climate have resulted from natural causes and variations, the strength of the trends and the patterns of change that have emerged in recent decades indicate that human influences (primarily from increased emissions of carbon dioxide and other greenhouse gases) have now become the dominant factor.

More specifically, 11 of the last 12 years (1995-2006) rank among the warmest years in the instrumental record of global surface temperature (kept since 1850). These increases are widespread over the globe, with greater increases at higher northern latitudes and with land regions warming faster than oceans. The continued increase in oceanic temperatures is significant, however: the oceans absorb over 90 percent of all warming (only 3.3 percent goes to heat the atmosphere and 6.2 percent to melt sea ice and glaciers), and their rising temperatures cannot be explained solely by natural or internal processes, climate variability or solar and volcanic forcing. The measured increases do, however, correlate well with global climate models suggesting that the warming is of human origin. Further, analyses suggest that Earth is now absorbing more energy from the sun than it is emitting back into space, and this has a profoundly important implication: an additional global increase in temperature of almost 1° Celsius is already stored in the oceans, even without any further increase of greenhouse gases.

Robert W. Corell is the global change program director for the H. John Heinz III Center for Science, Economics and the Environment, a nonprofit institution dedicated to improving the scientific and economic foundation for environmental policy through multisectoral collaboration among industry, government, academia and environmental organizations.

An Arctic Heat Wave

As a result of the work of the Nobel Prize–winning Intergovernmental Panel on Climate Change — its "Synthesis Report of the IPCC Fourth Assessment Report" was released in November 2007 — there is now higher confidence than in all prior assessments in the projected patterns of warming, including changes in wind patterns, precipitation, extreme weather and sea ice extent.

As the IPCC report notes, the most dramatic current and projected changes are centered in the Arctic, where the average temperature has risen at twice the rate of the rest of the world in the past few decades. Some regions (e.g., Alaska) have experienced mean surface temperature increases three to five times the global average.

Widespread melting of glaciers and sea ice and rising permafrost temperatures present additional evidence of strong Arctic warming. These changes — which will, in turn, affect the planet as a whole — deserve close attention by decisionmakers and the public.

The findings of the Arctic Climate Impact Assessment supplement the IPCC's conclusions. Since the late 1990s, more than 300 scientists and experts, including elders of the local indigenous peoples and other insightful residents, have worked on a comprehensive analysis, synthesis and documentation of the consequences across the Arctic of climate variability and changes. The ACIA report describes the significant disruptive effects of climate change and, at the same time, identifies a number of potential opportunities for indigenous and other residents, communities, economic sectors and governments of the region.

Evidence of recent warming in the Arctic includes records of increasing temperatures, melting glaciers and reductions in the extent and thickness of sea ice. Scientists monitoring a glacier in Greenland have found, for instance, that it is moving into the sea three times faster than it was just a decade ago. The summertime area of the sea ice in the Arctic has shrunk to almost one-half of what it was in 1979; the sea ice retreated in 2007 to a record low, 30 percent lower than the prior low, as depicted in Figure 1. In Alaska and western Canada, average winter temperatures have increased by as much as 3–5° Celsius over the past 30 years, while the global average increase over the past 100 years has been only about 0.6° plus or minus 0.2° Celsius.

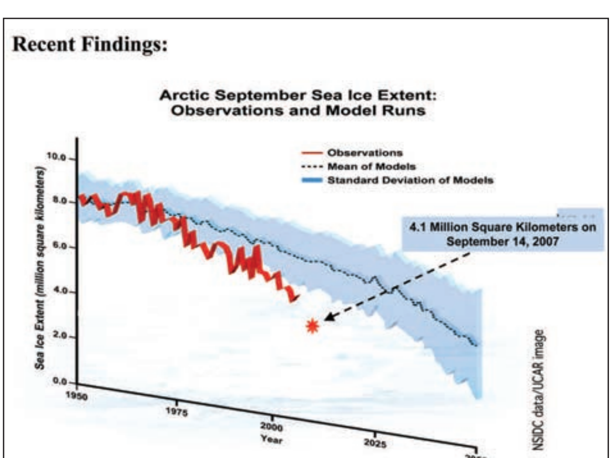

Figure 1: Arctic Sea Ice Extent: Observations and Model Projections. (Source: National Snow and Ice Data Center)

Looking ahead, model simulations project substantial and accelerating reductions in summer sea ice around the entire Arctic Basin. Some scientists predict that by the middle of this century, the region will be ice-free during the summer. These seasonal reductions in sea ice have important implications for marine transportation. For example, the Northwest Passage in the Canadian archipelago was ice-free in September 2007 for several weeks, while substantial areas off the coast of Russia have been open for most of the 21st century. This will undoubtedly lead to the need to resolve geopolitical issues of rights of passage, the extent of exclusive economic zones and existing boundaries between Arctic nations, as well as disputes over natural resources.

Reductions in the extent of Arctic sea ice have other profound implications. First, significant increases in energy will now be absorbed by the open oceanic waters. Normally, the ice reflects 85 percent of the sun's radiated energy back into space. Secondly, access to sea ice is critical to the survival and reproduction of many high-latitude marine mammals. Scientists and Arctic residents alike are concerned that the thinning and depletion of sea ice there may lead to the extinction of key marine mammals, including the polar bear, walrus and some species of seal. Loss of these species threatens the hunting culture and food supply of the Inuit in Alaska, northern Canada, Greenland and Chukotka, Russia.

Melting Glaciers

Recent studies of glaciers in Alaska already indicate an accelerated rate of melting there; in fact, the loss of mass of the state's glaciers represents about half of the estimated current loss worldwide. The documented melting in Greenland is of special importance because that country's glaciers have the potential to increase sea level substantially. The melt area along the coastal margins and moving inward on the Greenland Ice Sheet has increased, on average, by about 0.7 percent per year, with considerable interannual variation. A recent analysis of satellite data indicates that the melt area of Greenland over 30 years has increased by 30 percent.

While thermal expansion of oceanic waters from increased temperatures has been viewed as the predominant cause of increases in sea level, recent analyses suggest that the melting of these ice sheets will increasingly contribute to an average rise in sea level of as much as one meter by the end of this century. Bangladeshi officials have estimated that a one-meter rise in sea level will reduce the usable land area of their country by as much as 60 percent, while many of the small island states will see a reduction in usable land area of 50 percent. Such changes in the Earth's climate are very likely to have significant foreign policy implications as destabilization of populations and the advent of environmental refugees become global issues. The IPCC and others estimate that between 100 and 200 million people will become environmental refugees during this century.

For centuries, permafrost has been a predominant feature of the land surfaces across the Arctic. Permafrost temperatures over most of the subArctic land areas have increased by up to 2° Celsius over the past few decades, and the layer that thaws each year is increasing in many areas. During the next century, permafrost degradation is projected over 10 to 20 percent of the present permafrost area, and its southern limit is projected to shift northward in some regions by as much as several hundred kilometers.

The rising temperatures are already degrading land routes over frozen tundra and across ice roads and bridges, and the incidence of mudslides, rockslides and avalanches is likely to increase. The number of days per year during which heavy equipment can travel on ice roads across the tundra, approved by the Alaska Department of Natural Resources, has dropped about 50 percent in the past 30 years (from around 200 days per year to 100 days), limiting oil and gas exploration and extraction and access by other interests.

Rising temperatures across the Arctic are projected to lead to enhanced growth, denser vegetation and expansion of forests into the tundra, and from the tundra into polar deserts. This change, along with rising sea levels, is projected to shrink tundra area to its lowest extent in at least the past 21,000 years, potentially reducing the breeding area for many migratory bird species and the grazing area for animals that depend on tundra and polar desert habitats. Half the current tundra area is projected to disappear in this century.

Unparalleled Challenges

Indigenous peoples throughout the Arctic depend on caribou and reindeer herds, which need abundant tundra vegetation and good foraging conditions, especially during the calving season. In addition to reducing the area for grazing, climate-induced changes are projected to increase the incidence of freeze-thaw cycles and freezing rain, both of which interfere with animal maintenance (animals cannot eat iced-over vegetation). Further, migrations of other species (moose, red deer, etc.) into traditional pasturelands are likely to disturb some populations. At the same time, while Arctic agriculture is a small industry in global terms, the region's potential for crop production is projected to increase and to advance northward.

Marine fisheries are a vital part of the economy of virtually every Arctic country and constitute an important global food source. Because they are largely controlled by factors such as local weather conditions, ecosystem dynamics and management decisions, projecting the effects of climate change is difficult. Based on available information, however, projected warming is likely to improve conditions for some important Arctic fish stocks such as cod and herring, while negatively affecting others. For instance, the northern shrimp catch — currently at about 100,000 tons a year from Greenlandic waters — will probably be reduced. While the total effect of climate change on fisheries will likely be less important than decisions regarding management, communities that are heavily dependent on fish as a source of food and income may be dramatically affected.

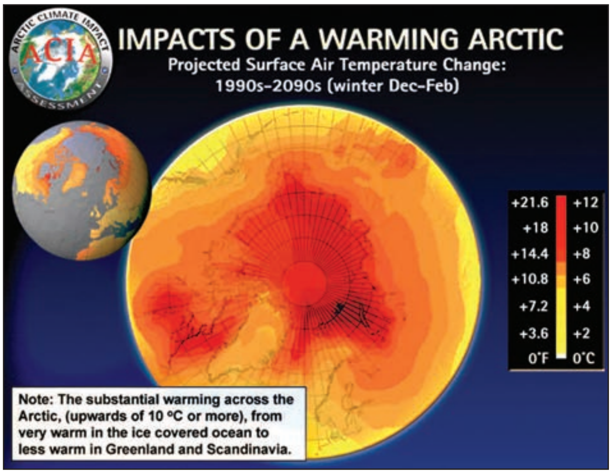

Figure 2: Projections of surface temperatures over the 21st century. (Source: ACIA Report)

Residents of the Arctic are likely to face chemical pollution, habitat destruction and overfishing as a result of climate and other environmental changes. At the same time, social and economic changes, such as technological innovation, trade liberalization, urbanization, self-determination movements and increasing tourism, will also affect them. It appears, however, that the rapid rate of climate change will likely be the limiting factor in their capacity to adapt.

The projected climate changes in the Arctic present challenges with no parallel in human experience to date. They are likely to cause substantial dislocation and expose vulnerabilities among the residents. Further, because these changes are directly linked to global processes such as a rise in the sea level, the availability of new sea routes and the opening of new natural resources, the effects promise to be equally profound around the globe.

What to Do?

Taking these findings into account, what are the risks of a failure of the international community to act?

One major factor that must be taken into account is the asymmetry between the time scale in which the climate system reacts to increases in greenhouse gases and the time scale to recover from such increases. Recovery takes roughly 10 times longer than it took to increase global greenhouse gas concentrations in the first place. There are several reasons for this.

First, carbon dioxide (CO_2) remains in the atmosphere for more than 100 years, on average. Second, in absorbing heat and transporting it around the planet, oceans operate on time scales lasting 50 to 100 years. As temperatures rise, the oceans must absorb more heat from the atmosphere than they are able to process in their natural cycle. This leads to thermal expansion, causing the oceans to expand and contributing to sea level rise. Third, once temperature has increased, it takes hundreds of years to stabilize the melting of glaciers and as much as 1,000 years to stabilize the melting of ice sheets like Greenland.

Another important consideration is the potential rise of methane (CH_4) as a significant greenhouse gas. Should this happen, the impact will be profound. Methane is 22 times more potent than CO_2, as far as its contribution to global warming is concerned. About 70 percent of atmospheric methane is generated from human-related activities, according to the IPCC. The increases in human-related sources of methane in the past 200 years are due mainly to increased burning of grasslands, forests and wood fuels, the use of landfills, more intense livestock raising and other agricultural activities, coal mining, wastewater treatment, rice cultivation and leakage of natural gas from fossil fuel production.

Natural sources, accounting for the other 30 percent of atmospheric methane, include wetlands, termites, oceans, hydrates and wildfires. For example, it has been estimated that Russia's West Siberian bog alone contains some 70 billion tons of methane, a quarter of all the CH_4 stored on the land surface of the earth. Recent assessments suggest that as the tundra and permafrost thaw, the potential for releases of methane during this century are real, though the time scales are uncertain. However, because the release of methane creates a positive feedback process, if the process begins at some threshold of increased temperature, the only way to halt continued release is to lower global temperatures — an unlikely prospect.

The simple message, based on the IPCC and ACIA assessments, is that delays at the beginning only create substantially longer delays later on. Given these realities, it is essential that societies implement both adaptation and mitigation measures on time scales that will limit both the magnitude and timing of climate change. The IPCC and other assessments recommend that action plans begin within the coming decade.

There is a high degree of agreement and much evidence that all stabilization levels assessed to date can be achieved by deployment of a portfolio of technologies that are either currently available or expected to be commercialized in the coming decades. This assumes, however, that appropriate and effective incentives are in place for their development, acquisition, deployment and diffusion and to address related barriers. According to the IPCC, such stabilization strategies would slow average annual global GDP growth by less than 0.12 percentage points.

Further delay has the potential to both increase substantially the magnitude of the impact and prolong the

SELLING THE U.S. POSITION: AN UPHILL BATTLE

THE BUSH ADMINISTRATION'S HANDLING OF CLIMATE CHANGE HAS OBSCURED WHAT IS ACTUALLY A POSITIVE U.S. RECORD IN MANY RESPECTS.

BY JOYCE RABENS

Climate change was a key issue in my portfolio during my last several Foreign Service assignments. In London, where I served as economic minister from 2001 to 2005, it was such a hot topic that the British were determined to make it one of the cornerstones of their Group of Eight presidency.

In Tokyo, the home of the Kyoto Protocol, the Japanese were similarly proprietary, feeling that the name of the agreement made it their own. I was the environment, science and technology minister there from 2005 to 2007, just as Japan's own G-8 presidency approached (it's this year). Like the British, the Japanese professed to have climate change at the top of their list of priorities.

Those of us who worked on EST issues in both countries had plenty of opportunities to defend and advocate the U.S. position. Our encounters were often adversarial and occasionally confrontational.

In the United Kingdom, the country that invented debate, we often had to defend our policies in front of well-informed audiences made up of groups that did not like our policy, buy our explanations or agree with our positions. Happily, the Blair government genuinely wanted to engage us on climate issues, recognizing that without the U.S. there was no possibility of a meaningful global effort. But the scientific community assailed our facts, accused us of duplicity and enjoined us to accept the humanitarian responsibility to address the issues. And the public, especially the NGO community, accused us of being Neanderthals, short-sighted and backward-looking — and that was on a good day!

In Japan, our discussions were less acrimonious, mainly because open confrontation is not culturally accepted. Nevertheless, among academics there were persistent questions about our analysis, our evidence and our conclusions. From the government, there were repeated entreaties to us to return to the negotiating table and engage meaningfully in the negotiations for a post-2012 agreement. And from the public, there were continuing questions about why we had abandoned Kyoto and what it would take to have us reconsider.

U.S. policy was hard to defend in these environments. But we did our best. Some days our job was easier, for there are some "slam dunks" in U.S. policy.

Joyce Rabens retired from the Foreign Service in August 2007 after 35 years of service. Her posts included Brussels, Abidjan, Paris, Geneva, London (where she was economic minister), Tokyo (where she was the environment, science and technology minister) and Washington, D.C.

But there are also some hard sells, and there the job was an uphill battle. This was made more difficult by Washington's abdication of a leadership role on climate, which was replaced by a policy of denial and refusal to take meaningful action domestically. To describe our challenges, I'd divide the issues into three categories: the good, the bad and the ugly.

U.S. policy was sometimes hard to defend, but we did our best.

The Good

This is the easy part. By and large, U.S. policy on the science end of climate change and environment is something to crow about. We spend more money than anyone (except the Japanese, who only recently surpassed us) on research into alternative energy sources. Initiatives to develop a viable biofuel industry, encourage the use of solar energy and make hydrogen power affordable are just three examples of the things we are doing right in this field.

U.S. research on developing carbon sinks and carbon sequestration is also state of the art. Admittedly, it took Washington a long time to come around to agreeing that climate change is a reality that leaves a large human footprint. This reluctance to accept the need for policy change is reminiscent of the 1970s and 1980s, when our response to the campaign to "stop acid rain" was a rejoinder to "study acid rain." Nevertheless, even though until recently Washington officially questioned the evidence that climate change was caused by human activity, our research into the phenomenon has been first-rate. For instance, the National Oceanic and Atmospheric Administration's project to establish a globally comparable system of climate and weather measurement is a superb undertaking, for which the U.S. has provided leadership and resources.

Another area where the U.S. can take credit is its establishment of numerous multilateral partnerships to share scientific research and improve cooperation on finding solutions to many of the problems we face. These organizations add value to the work we are doing domestically. For example, the Carbon Sequestration Leadership Forum brings together researchers from around the world to share ideas on finding a way to store carbon safely.

Likewise, the International Partnership for the Hydrogen Economy offers opportunities for scientists working on hydrogen fuel cells. Groups researching methane capture, clean coal and other projects to curb carbon emissions are also adding to our knowledge and ability to solve climate problems. Finally, the most recently established group, the Asian Pacific Partnership on Clean Development and Climate, marks an effort to engage major developing-country polluters (e.g., China and India) in cooperative programs to reduce their carbon emissions in basic industry and overall energy consumption.

Finally, the U.S. has put in place a mechanism to encourage developing-country polluters to clean up their act, and to assist them in doing so. This is a great leap forward from our position vis-à-vis Kyoto that we would not make any binding commitments to cut emissions unless the developing countries did so as well (with no particular help from the developed world).

The Bad

In many cases, America's failure to act or even agree to international actions has, in my perception, slowed the progress that could have been made. The prime example is our failure to ratify the Kyoto Protocol. The U.S. negotiated the protocol in good faith and made many important contributions to the text. We also offered many suggestions that were not included in the final treaty but have found a life outside the protocol itself (most significantly, carbon trading). Yet we ultimately decided not to become a party to the accord. While the Clinton administration made that decision, it did so at least partly because of Senate opposition that would have made ratification difficult.

The reasons for that decision are well-known, centering on the economic costs of compliance and the lack of binding targets for the developing world. In the classic dilemma of whether something (however limited and flawed) was better than nothing, we not only chose the latter, but then walked away from the process.

A diplomatic colleague (from a Kyoto-signatory country) once told me that the greatest loss from the U.S. pullout was not the loss of our 7-percent carbon reduction target, but the fact that we were no longer contributing to the process. As a result, the other parties were not benefiting from our innovative problem-solving abilities and our fierce determination to make things work.

His view was that, had the U.S. signed on to Kyoto, we would have brought our unbeatable intellectual and institutional forces to bear on fulfilling our commitments and making sure others did likewise. He pointed out that our leadership had really made the critical difference in previous global emergencies including winning World War II, rebuilding Europe and prevailing in the Cold War. Something, in his view, was clearly better than nothing; and he thought that we had made the wrong decision, not only for the U.S., but for the whole world.

It's time for the United States to re-evaluate its position and look to the long term.

Another area where we have failed to take the initiative is on conservation. Of course, we can point to programs where the U.S. has made important strides on this, but most of them date back to the energy crises of the 1970s. Since then, there has been little impetus to do more because the price of fossil fuels has been low. Instead, U.S. consumers have given up their compact cars and replaced them with sports utility vehicles, light trucks and even Hummers. Almost no one spares air conditioning in summer or heat in winter. Off-peak energy use is just too much trouble, and not worth the inconvenience it causes. Use of carpools and public transport is miniscule, even when incentives are provided.

Until this past December, Congress failed to pass corporate average fuel economy legislation to raise gasoline efficiency requirements in new cars. True, no one wants to disadvantage the American car industry, which is going through a rough patch. Additionally, the government has done little to encourage U.S. automakers to offer gasoline-efficient cars, including hybrids. Finally, Ford and GM are playing catch-up, because the consumer demands it. Perhaps the return to expensive energy, including the prospect of more than $4/gallon gasoline, may make the difference that energy conservation consciousness has not delivered.

The Ugly

Over the past two decades, U.S. energy policy has been industry-friendly, and many would argue that it has inflicted substantial costs on the environment. Policy direction is a decision that governments make, and we who represent the U.S. government support administration policy, as do the Foreign Service officers working on environmental issues. However, when the U.S. government makes a policy decision, it should be honest in the way it defends it. If we have decided that the environmental gains are not sufficient to justify the economic cost, we should say so. But often, Washington wants to have it both ways, and so administration figures justify their actions by contending that U.S. policy is environmentally friendly — whether it is or not.

One example of this is the U.S. use of a "greenhouse gas intensity target," a measure of how much our emissions are growing for every new dollar of gross domestic product. Arguing that we are decreasing the rate that these emissions are growing is very misleading. It leaves the impression with the non-expert that we are actually cutting emissions of greenhouse gases, which we are not.

To those experts and scientists who understand the issue, it makes us look like we are trying to mislead them with statistics that have been jiggered to make us look good. All in all, such claims are either misunderstood or taken to be misleading. Neither is good for our credibility.

Another example came in a recent policy speech, when the president pointed to lower emissions in 2005 and 2006 as proof of the success of U.S. policies. In fact, the lower numbers have more to do with a warm winter and a cool summer, as Department of Energy statistics confirm. More smoke and mirrors.

In addition, countless press reports documenting the political editing of environmental reports make us look like we are trying to cook the books. Testimonials from scientists that they were encouraged to come to conclusions that are administration-friendly further reinforce the impression that we know we are wrong on the facts and are trying to cover it up.

Few of us are in a position to judge the credibility of these allegations, but the mere perception of a gap between reality and rhetoric makes it harder for the U.S. to be taken seriously internationally — even when we are advocating the many positive programs dealing with global climate change I've described above.

The Way Ahead

Throughout 2007, numerous international reports underlined the reality of climate change and its deleterious effects on our world. At its Valencia meeting, the United Nations Intergovernmental Panel on Climate Change released an alarming report documenting the compelling evidence that climate change is a reality, one that is affecting the environment in a way that will have serious and perhaps disastrous effects on our ability to defend our shorelines, maintain our economies and feed and shelter our people for years to come.

By and large, our nation's work on the science end of climate change and environment is something to crow about.

At the mid-December U.N. climate change conference in Bali, the U.S. agreed to participate in two years of talks aimed at forging an international agreement on emissions cuts, but rejected European demands to set targets. By all accounts, Washington was dragged kicking and screaming into that limited commitment, and there were bad feelings all around. Still, it is the first time the U.S. has even agreed to participate in negotiation of a post-Kyoto agreement, so it represents real progress. Now the hard work of putting together a viable agreement begins.

All nations have the opportunity to take these findings to heart and to act now to preserve our earth. It's time for the United States to re-evaluate its position and look to the long term, soberly weighing the costs of ignoring the mounting scientific evidence supporting calls for action. ■

"It's Not Just an Image Problem"

An interview with Nigel Purvis, a senior member of the U.S. climate change negotiating team from 1997 to 2002.

By Shawn Dorman

***FSJ:** What was it like to work on climate change policy at the end of the Clinton administration and the beginning of the Bush administration?*

NP: Both experiences had their highs and lows. My first climate change assignment began in January 1998, a month after the Kyoto negotiations ended. At that time, the Clinton administration's immediate goal was to improve the treaty by securing the participation of developing nations and by controlling costs more effectively. The administration hoped these changes would gain the support of the Senate. The approach was politically unrealistic: fruitless discussions with developing nations and the administration's inability to change the domestic politics of climate change were frustrating. Yet President Clinton's ambition to see the United States lead the world on climate change was inspiring, and the technical negotiations were fruitful. A strong and collegial U.S. interagency negotiating team was respected abroad and made a difference, particularly by introducing innovative market-oriented approaches to environmental action.

The first months of the Bush administration were exciting and momentous, but ultimately far more disappointing. The new administration came into office with little knowledge of climate diplomacy, though Secretary Powell understood intuitively the political importance of the issue as well as the long-term economic and security risks of inaction. In his second week in office he approved a consensus recommendation to advocate within the administration for changing Kyoto rather than walking away from it.

In the first week of February 2001, a few of us at the State Department gave separate briefings to five members of the president's new Cabinet. For a short while, it seemed like the new administration might choose reform over disengagement, particularly when Treasury, EPA and the NSC rallied behind Sec. Powell, and Energy and Commerce acquiesced. The vice president,

Nigel Purvis has a unique perspective on environmental diplomacy, having worked as a senior member of the U.S. climate change negotiating team in both the Clinton and Bush administrations. From 1998 to 2000, he was senior adviser to Under Secretary of State for Global Affairs Frank E. Loy. Then, throughout 2001, he served as the acting assistant secretary of State for oceans, environment and science. Since leaving the State Department in 2002, he has been a scholar at the Brookings Institution, a fellow at the Council on Foreign Relations and, most recently, vice president of The Nature Conservancy. He is now president of Green Pearl, a strategic consulting company specializing in climate change and energy policy.

Shawn Dorman is the Journal's *associate editor. She conducted this interview via e-mail in December 2007.*

Karl Rove and, ultimately, the president, had other ideas, of course, and the rest is history. Having to return to the negotiating process to justify U.S. disengagement and inaction was the low point of my diplomatic career.

FSJ: *Why did you leave the State Department?*

NP: By the end of 2001, it was clear that the Bush administration was on the wrong side of history. When an appointee was named by the White House to take the political position in which I served temporarily, it was time for me to move on. I would have stayed at State if I had been eligible for comparable positions in other areas, but as a Civil Service lawyer I had no opportunity to compete for Foreign Service jobs.

FSJ: *What U.S. government agencies have the strongest role in shaping U.S. international climate policy?*

NP: While I was in government, the White House and the State Department were by far the two most important players. The White House coordinated the interagency policymaking process and managed the domestic politics. Jointly, it and State developed U.S. diplomatic strategies, with the White House taking the lead on heads-of-state engagement, which was frequent. State ran the day-to-day diplomacy and the constant multilateral negotiations, with technical support from other agencies. Despite State's leadership, neither Warren Christopher nor Madeleine Albright devoted much time to climate change. Instead, each left it to key under secretaries to negotiate directly with the White House and foreign governments.

FSJ: *Can you describe the problems with the Kyoto Protocol that kept the U.S. from ratifying it?*

NP: Kyoto is a Rorschach test. It has so many strengths and weaknesses that one can see in it what one wants. Its negatives are easy to state. Kyoto is costly, though not nearly as costly as many claimed; it would have slowed U.S. economic growth by a small fraction of a percent. Absent further arrangements, its benefits will be quickly undone by emissions growth in China and India, which Kyoto exempts from action.

Kyoto does not solve the climate problem: it lasts only five years, and real solutions will take a century. But as a first step, the Kyoto process had merit. Its core architecture — legally binding commitments and innovative market mechanisms that control costs — is good. I'm confident that with presidential engagement the United States could have negotiated changes to the treaty that would have made it even more affordable and fair.

While cost and fairness were the substantive concerns, Kyoto posed a procedural challenge, too. The Clinton administration sought to impose an international consensus on a divided Congress — not usually a recipe for success, particularly on issues of economic importance.

FSJ: *What are your thoughts on current U.S. policies on climate change (especially the focus on technological developments rather than regulatory approaches)?*

NP: Everyone agrees that new technologies are necessary. The question is how to develop them quickly and cheaply. In my view, we need a multipronged strategy. We need an Apollo Project–style, government-backed research and development program. Through this we should increase federal spending on clean energy tenfold and ask other industrialized nations to match our commitment. We also need strong and steady economic incentives for companies to reduce emissions. Mandatory emission limits or carbon taxes would work. These policies would accelerate the transformation to clean energy.

The Clinton administration tried to pursue both approaches, but lacked the necessary political clout and the support of Congress. The Bush administration has made some progress in increasing clean energy R&D, but has refused to consider taxes and regulation. Because private innovation is absolutely critical, enacting comprehensive federal legislation that makes emitting greenhouse gases costly must be our highest priority. Until we do that, the United States will have no international credibility, and other nations will hide behind U.S. inaction.

FSJ: *Can you describe any U.S. policy successes on climate change?*

NP: The United States was the driving force behind creation in 1988 of the Nobel Peace Prize–winning Intergovernmental Panel on Climate Change, the world's leading scientific body on the subject. For two decades American scientists and U.S. government funding have been major factors in that organization's success. The U.S. pioneered emissions trading to combat acid rain and championed its application to climate change. That idea has now taken root in Europe, which was once skeptical. Behind the scenes, U.S. negotiators and lawyers have made real contributions on various technical issues, as well.

FSJ: *How does the rest of the world view the United States on the issue of climate change?*

NP: We have very little credibility. We have done more than any nation to cause anthropogenic climate change, and our per capita emissions are higher than just about any other country's. Yet we have refused to reduce our output of gases (which continues to rise), opposed domestic emission limits, rejected new international obligations and spurned the global consensus on how best to move forward. Frankly, it's embarrassing. We don't just have an image problem; we need to change our policies.

No one argues against clean energy R&D and international technology partnerships. However, the administration's policies have at least two serious shortcomings. First, the funding for these international technology programs is so modest that they will accomplish little. Second, even at higher funding levels, programs of that type alone will not be sufficient. Unless companies face strong financial incentives to act, emissions will continue to rise for decades. I am not aware of any country that genuinely believes current U.S. policy will reduce emissions quickly enough to avert an unacceptable risk of climate catastrophe. That's why other nations boo and hiss when the United States speaks in these negotiations.

FSJ: *Are carbon cap-and-trade plans effective?*

NP: They can be very effective. These programs cap emissions at a particular level through mandatory regulation and then issue tradeable emission permits (up to the cap level) to regulated entities. Because companies that reduce emissions cheaply will sell their permits to those that cannot, cap-and-trade programs are cost-effective. Washington used cap-and-trade to deal successfully with acid rain in the 1990s. Of course, a tax on carbon emissions might also work, but there is little political support for this.

FSJ: *What do you think about the charges that the Bush administration has overplayed uncertainty about the existence of climate change?*

NP: There's overwhelming evidence that several of the president's political appointees and aides conducted a sustained effort to suppress or fuzz up government-sponsored climate science. Mostly, this was done from within the White House. At the same time, however, the anti-science campaign was partial and ineffective. President Bush has never formally challenged the consensus view that humans are contributing to climate change. And, more recently, he has accepted the very strong findings of the scientific community. The real disagreement is not about the science but the policy response.

FSJ: *What do you make of the recent climate talks in Bali, Indonesia?*

NP: The objective of the Bali conference was to negotiate a "roadmap" for future global cooperation. The Kyoto Protocol expires in 2012 and new arrangements are urgently needed. Bali did formally open new negotiations, and it set 2009 as the deadline for an agreement. Developed countries agreed to make "deep cuts" in their emissions. In return (unlike in Kyoto), developing nations agreed they, too, must act. All of this is positive.

At the same time, it's not clear where the Bali roadmap is going, in part because the United States blocked a consensus on the proposition that global emissions must be reduced by 25 to 40 percent by 2020 and developed countries should adopt legally binding emission targets. These issues will be resolved later. I expect little progress in the next year as other nations await a new American administration, but the starting point is already better than Kyoto.

FSJ: *What should the next administration do on climate change?*

NP: The cost of inaction greatly exceeds the cost of action. The former chief economist at the World Bank, Nicholas Stern, reported to last year's Group of Eight summit that spending 1 percent of global GDP per year to reduce emissions would avert a 5- to 15-percent drop in global income over the next decades. The next president must work with Congress to enact comprehensive domestic cap-and-trade regulations and fund a vigorous government-supported research and development effort to spur innovation in clean energy technologies.

He or she must also develop a genuinely bipartisan diplomatic strategy for reducing emissions globally and for helping vulnerable nations adapt. This must include new financial mechanisms to help cover the $30 billion per year needed to move China, India and other rapidly industrializing nations from dirty to clean growth. Those nations must contribute substantially to closing that gap, of course, but they also need and deserve help from countries like the U.S. that did much to cause the problem and have the financial capacity to assist. ■

FS HERITAGE

MR. FOREIGN SERVICE: LOY HENDERSON

BEFORE JOINING THE STATE DEPARTMENT, LOY HENDERSON WAS A HERO IN ESTONIA'S WAR OF INDEPENDENCE.

BY ERIC A. JOHNSON

Editor's Note: We are pleased to institute this new periodic feature, intended to spotlight diplomats whose names many of us know only from history books or the halls of State. We welcome similar submissions, particularly about individuals whose contributions to American diplomacy have been unjustly neglected.

To his contemporaries in the U.S. Department of State, Loy W. Henderson (1892-1986) was known as "Mr. Foreign Service." During a diplomatic career that spanned almost 40 years (1922-1961), Henderson personified the ideal of the brilliant, hard-working Foreign Service officer completely devoted to the service of his country.

Among many other honors, in 1958 Henderson became one of the very first U.S. government employees to win the President's Award for Distinguished Federal Service. He received the first Foreign Service Cup in 1967 and, in 1976, became the only career FSO to have a State Department room named in his honor. When then-Secretary of State Henry Kissinger dedicated the Loy W. Henderson Auditorium, he rightfully described Henderson as "one of the giants of postwar diplomacy."

Success came at a high cost in Russian, Estonian and even American lives.

Although Henderson's State Department career is well documented, relatively little is known about his life before he joined the Foreign Service at the age of 29. In particular, the story of how he became one of America's heroes in Estonia's War of Independence (1918-1920) — the main subject of this essay — has been forgotten.

Eric A. Johnson entered the Foreign Service as a specialist in 1999, then became a generalist in July 2007. Currently the public affairs officer in Tallinn, he previously served in Moscow and Washington, D.C.

Lieutenant Henderson

The son of a Methodist minister, Loy Wesley Henderson was born just a few minutes after his identical twin Roy on June 28, 1892, near Rogers, Ark. While the twins played together at age 9, Loy broke his right arm. Because the country doctor did not set the bone correctly, Loy's arm failed to heal properly.

When the U.S. entered the "Great War" in April 1917, this injury ended up splitting the otherwise inseparable brothers apart. When the twins attempted to enlist in officer training camp after graduating from Northwestern University, only Roy was accepted. Dejected, Loy enrolled at the University of Denver in the fall of 1917 to study law (his brother later attended Harvard Law School). There Loy learned about the work that the American Red Cross was doing in Europe.

After the United States entered World War I, the Wilson administration mobilized and militarized the ARC, issuing U.S. Army commissions to those members who agreed to work in battle zones. These volunteers were required to wear

U.S. Army uniforms that corresponded to their new military ranks.

Henderson decided to drop out of graduate school and volunteer for the American Red Cross in the summer of 1918. This fateful decision would forever link Loy's life to the Baltic region and lead to a long and successful career with the U.S. Foreign Service. (Roy Henderson, however, would never make it to Europe — one of his kidneys was damaged during training and had to be removed.)

Arriving in France in late November 1918, after the armistice had been declared, First Lieutenant Loy Henderson helped prepare wounded American soldiers for the trip home. Promoted in March 1919, Capt. Henderson was then assigned to Berlin to help with the repatriation of soldiers from the Russian Imperial Army held in German prisoner-of-war camps. Among the soldiers he and his ARC colleagues helped send home were 1,758 Estonians, 9,970 Lithuanians and about 1,500 Latvians, in addition to 24,753 Russians.

While arranging for the return home of these new Baltic nationals, Capt. Henderson traveled to Lithuania for the first time in April 1919 and to Latvia in August of that same year. When he saw firsthand how badly the Baltic states needed help, Henderson volunteered to join the new American Red Cross Commission to Western Russia and the Baltic States in October 1919, rather than return home to the United States.

Over the next two years, Capt. Henderson would see service in all three new Baltic nations. He would also meet an American diplomat for the first time: John Gade, the first U.S. commissioner to the Baltic states. Gade was appointed in October 1919, almost three years before Washington established formal relations with the three countries on July 28, 1922.

Loy Henderson

Risking His Life for Estonia

A total of 60 ARC colleagues, including field officers, doctors, nurses and other support staff, were stationed in Estonia. Capt. Henderson was assigned to Narva, arriving at his new assignment in February 1920, not long after Soviet Russia and Estonia signed the Treaty of Tartu that ended hostilities and established their new border. While Estonia's War of Independence was technically over, the new country was still trying to deal with its aftermath.

When General Nikolai Yudenich's White Russian Army had retreated into Estonia after their defeat near Petrograd in November 1919, they carried typhus to their base in Narva. The Estonian government put the American Red Cross in charge of all sanitary measures as the epidemic threatened to spread, and Capt. Henderson and three of his fellow ARC officers — Capt. Wilbur F. Howell, 2nd Lt. Clifford A. Blanton and 1st Lt. George W. Winfield — volunteered to oversee the quarantine around Narva.

This was an extremely dangerous job. Before the first vaccine was developed in 1930, the mortality rate for those infected with typhus was between 10 and 60 percent. The disease thrives during disasters and is thought to have killed at least three million citizens of the Russian Empire in the wake of the Great War.

As the Red Army was being expelled from Narva in February 1919, the Russian soldiers had stripped the Krenholm textile factory of all its equipment. That structure's empty shell, along with the castles of Narva and Ivangorod, became the ARC's main field hospitals.

Complicating the situation further, White Russian officers and their men refused to take orders from their Estonian counterparts, so Capt. Henderson assumed full command of all White Army field hospitals in and around Narva. It was exactly for situations like this that the U.S. government had commissioned ARC members as U.S. Army officers.

Henderson was appalled by the conditions he found among the approximately 30,000 defeated and demoralized troops of the White Army. In his memoirs, he describes his first visit to Krenholm: "Lying on the floor in disorderly rows were several hundred men clothed in remnants of old uniforms, tattered overcoats, or merely piles of rags. Some were lying on, or were wrapped in, dirty pieces of blankets. Through the long hair that covered their heads and faces we could see their eyes, frequently bright with fever, peering at us, some angrily, some pleadingly, some without any emotions at all."

Capt. Henderson continued: "Portions of the hair and beards of many of the patients were of a bluish-gray color and, on closer examination, I found that these areas so colored were in motion. I felt nauseated when I discovered that the color and motion were due to the closely packed colonies of lice and lice nits. … These insects would not remain on a dead person. When a man died, therefore, they usually began their march toward the nearest living person." Lice, of course, were the vector through which typhus spread from human to human. And so, Capt. Henderson and his men set about their Herculean task of cleaning up not only Krenholm but also the dozens of nearby field hospitals in similar shape.

The Americans first demonstrated the cleansing of patients who had been helpless and unattended for weeks, according to a contemporary ARC report. Under their command, the Russians worked in squads of 50 men each with soap, water and disinfectants, cleaning patients, beds, linens and the buildings of the temporary hospitals. These mobile sanitary squads — made up of Russian soldiers who had survived their own bouts with typhus — deloused 9,000 people, disinfected 80 hospitals, and maintained the sanitary cordon protecting the rest of Estonia from the dreaded disease. Using the American model and supplies provided by the ARC, the Estonian government eventually put 80 squads (4,000 men) into the field to end the threat of typhus once and for all.

His experience in the Baltics inspired Henderson to join the U.S. Consular Service in 1922.

This success came at a high cost in Russian, Estonian and even American lives. Having worked for almost a month in close proximity to so many typhus patients and victims, Capt. Henderson and his fellow ARC officers came down with the disease just as they were finishing up their mission in Narva. While delirious with fever, Capt. Henderson assumed he was dying and decided he should bid farewell to his brother. He even thought he felt Roy's hand on his shoulder in response. Later, while recuperating back in Tallinn, Henderson was stunned to receive a telegram informing him that his brother had died of kidney failure on the very same day that he lay near death on a hospital bed in Narva. In his fevered vision, it had been a dying Roy who was saying goodbye to Loy and not the other way around.

Although Henderson and Howell would eventually recover, Blanton and Winfield were not so lucky. For their heroism, which saved thousands of Estonian and Russian lives, the Estonian government conferred its highest award — the Cross of Liberty — on all four men, as well as 31 other officers and eight U.S. diplomats.

Joining the State Department

Convinced by his experience in the Baltics that he needed to find some other way to continue serving the United States overseas, Henderson joined the U.S. Consular Service in 1922. After completing training in Washington, D.C., he was sent first to Dublin and then Queenstown (Cobh), Ireland, where he served as vice consul. He also carried out many administrative duties, for which he showed a natural talent. After the 1924 Rogers Act merged the U.S. Consular and Foreign Services, Henderson transferred to the State Department's Division of Eastern European Affairs, which managed diplomatic relations with Poland, Finland, Lithuania, Latvia and Estonia, and coordinated reporting on the Soviet Union. It was here that Henderson apprenticed for almost three years under Robert Kelley, the diplomat widely considered to be the spiritual father of the State Department's original Russia hands.

With Kelley's recommendation, Henderson was assigned next as third and then second secretary in the U.S. legation in Latvia from 1927 to 1930. Because Washington only assigned consular staff to Tallinn and Kaunas at the time, Henderson was also accredited to Estonia and Lithuania and made occasional visits to both states from his home base in Riga.

Henderson convinced Under Secretary Sumner Welles to issue his famous non-recognition statement on July 23, 1940.

While working there, Henderson's skills as an administrator were put to use once again. Although he was assigned to the legation's Russian unit, it was only during the last half of his tour that he was able to do the political reporting on the Soviet Union he so much wanted to do. He also became George F. Kennan's mentor. At about the same time, Henderson met and married a Latvian citizen named Elsie Marie Heinrichson.

After three years in Latvia, Henderson served for three more years with Kelley back at the Division of Eastern European Affairs. There his reputation as a Soviet expert — and skeptic — continued to grow. When the U.S. established diplomatic relations with the Soviet Union in late 1933, Ambassador William C. Bullitt recruited Henderson to be the first chief of the political-economic section.

Because neither Amb. Bullitt nor his counselor (the equivalent of today's deputy chief of mission), John C. Wiley, was interested in administrative issues, Henderson was once again called on to handle those on top of his already sizable reporting duties. He performed both his assignments with distinction, earning a promotion to first secretary. He also served from time to time as chargé d'affaires during an extended tour that lasted from March 1934 to July 1938.

Henderson's anti-Soviet sentiments hardened during his Moscow tour as he observed and reported on Stalin's purges. He was so skeptical of Soviet anti-German propaganda at that time that he was the first FSO to predict the Soviet-Nazi alliance (the 1939 Molotov-Ribbentrop Pact), several years before it happened.

While in Moscow, Henderson forged close working relationships with his staff members, including George Kennan and Charles Bohlen (two future ambassadors to the Soviet Union), as well as with his direct supervisor, John C. Wiley. On their way back to the U.S. from Moscow, Henderson and his wife Elsie made what would turn out to be a final visit to her home in Latvia, as well as side trips to nearby Estonia and Finland.

One Last Gift to the Baltic States

By the time Henderson's tour in Moscow was over, the Department's Division of Eastern European Affairs had been reorganized as a subunit of the larger Division of European Affairs, and Kelley was posted to Turkey. But throughout Henderson's next assignment as assistant chief of the Division of European Affairs (1938-1942), he effectively continued to function as chief of the EEA Division. It was from this position that Henderson watched as the Soviet Union occupied Estonia, Latvia and Lithuania on June 17, 1940. But with the help of Wiley, who was then serving as the U.S. minister to Estonia and Latvia (1938-1940), Henderson managed to perform one final service on behalf of the three countries.

Using information Wiley passed him from Riga and Tallinn, Henderson convinced Under Secretary Sumner Welles to issue his famous nonrecognition statement on July 23, 1940. As a result, the U.S. government refused to acknowledge the illegal and forcible incorporation of Lithuania, Latvia and Estonia into the Soviet Union.

In his speech at the American Foreign Service Association's Memorial Plaques Ceremony on May 4, 2007, U.S. Nicholas Burns remarked: "I think as an American diplomat, one of the greatest moments of the last 70 years was President Franklin Roosevelt's decision not to recognize the Soviet occupation of Estonia, Latvia and Lithuania." Henderson and Wiley were responsible for most of the work behind the scenes.

After Pearl Harbor pushed the U.S. into World War II and into an alliance with the Soviet Union, Henderson helped coordinate the U.S. Lend-Lease Program and other assistance to Moscow. In 1943, he traveled to the Soviet Union to conduct a six-month inspection of how Embassy Moscow was coping during the war. He even served for the last month as chargé d'affaires and oversaw the mission's transfer to its temporary quarters in Kuibyshev (Samara) just in case Moscow fell to the Nazis. Henderson spent this brief and unexpected assignment commuting back and forth between the two cities.

Although he worked hard to help the Soviet Union, Henderson was convinced that the U.S.-Soviet alliance was only a temporary wartime necessity. Stalin's government was well aware of Henderson's deep-rooted antagonism. As a result, Soviet Ambassador to the U.S. Maxim Litvinov lobbied the White House to have Henderson removed from his key position in the Division of European Affairs by claiming that he was an impediment to the U.S.-Soviet alliance at a vital stage in the war effort. The State Department reluctantly gave in to outside pressure — but not before promoting Henderson and assigning him as the new U.S. minister to Iraq (1943-1945). This career-shifting incident is documented in meticulous detail by H.W. Brands in his 1991 Oxford University Press biography: *Inside the Cold War: Loy Henderson and the Rise of the American Empire, 1918-1961*.

Postwar Career

Henderson's subsequent career is well known. After his tour in Iraq, he would return to Washington for a three-year tour as chief of the Division of Near Eastern and African Affairs. From there, he would go on to serve as the U.S. ambassador to India (1948-1951) and then Iran (1951-1954). Although he was no longer working directly on Soviet affairs, Henderson remained in regular contact with Kennan and Bohlen. As a result, he played a key role in developing the new U.S. policy of Soviet containment as the Cold War expanded beyond its original borders in Europe.

In 1955, the State Department put Henderson's now-legendary management talents to work once again by selecting him as the under secretary for administration. In addition to carrying out a major reorganization of the department and helping modernize the Foreign Service, Henderson was asked to oversee the opening of the first U.S. embassies in the newly independent countries of post-colonial Africa in 1957.

After his retirement from the Foreign Service in early 1961, Henderson taught international politics at American University until 1968. He died on March 24, 1986, in Bethesda, Md., several months before Stanford University's Hoover Institution Press published his memoirs: *A Question of Trust: The Origins of U.S.-Soviet Diplomatic Relations.* ■

Henderson played a key role in developing the new U.S. policy of Soviet containment as the Cold War expanded beyond its original borders.

AFSANEWS

American Foreign Service Association • February 2008

2007 TAX GUIDE

Federal and State Tax Provisions for the Foreign Service

The annual AFSA Tax Guide is designed as an informational and reference tool. Although we try to be accurate, many of the new provisions of the tax code and IRS implementing regulations have not been fully tested. Therefore, use caution and consult with a tax adviser as soon as possible if you have specific questions or an unusual or complex situation.

Federal Tax Provisions

The Military Families Tax Relief Act of 2003 continues to provide a significant benefit for Foreign Service families who sell their homes at a profit, but would have been unable to avail themselves of the capital gains exclusion (up to $250,000 for an individual/$500,000 for a couple) from the sale of a principal residence because they did not meet the Internal Revenue Service's "two-year occupancy within the five years preceding the date of sale" requirement due to postings outside the U.S. In relation to the sale of a principal residence after May 6, 1997, the 2003 law notes that the calculation of the five-year period for measuring ownership is suspended during any period that the eligible individual or his/her spouse is serving on qualified official extended duty as a member of the uniformed services or the Foreign Service.

The five-year period cannot be extended by more than 10 years. In other words, Foreign Service employees who are overseas on assignment can extend the five-year period up to 15 years, depending on the number of years they are posted away from their home. Note that the provision is retroactive, so that anyone who has already paid the tax on the sale of a residence that would have qualified under the new law may file an amended return to get the benefit of the new rule. There is, however, a three-year statute of limitations, after which one cannot obtain a refund.

Foreign Service employees most frequently ask AFSA about home ownership, tax liability upon sale of a residence and state of domicile. We have devoted special sections to these issues.

For 2007, the five basic tax rates for individuals remain at 10, 15, 25, 28 and 33 percent, with a top rate of 35 percent. The 10-percent rate is for taxable income up to $15,650 for married couples, $7,825 for singles. The 15-percent rate is for income up to $63,700 for married couples, $31,850 for singles. The 25-percent rate is for income up to $128,500 for married couples, $77,100 for singles. The 28-percent rate is for income up to $195,850 for married couples and income up to $160,850 for singles. The 33-percent rate is for income up to $349,701 for married couples and singles.

Long-term capital gains are taxed at a maximum rate of 15 percent and are reported on Schedule D. This rate is effective for all sales in 2007, except for those people who fall within the 10- or 15-percent tax bracket: their rate is 5 percent.

Personal Exemption

For each taxpayer, spouse and dependent, the personal exemption has been increased to $3,400. There is, however, a personal exemption phase-out of 2 percent for each $2,500 of Adjusted Gross Income over $156,400 (joint, singles and head of household) and $78,200 (married, filing separately). For those taxpayers in the last category, the phase-out is 2 percent for each $1,250 of Adjusted Gross Income over $78,200.

Foreign Earned Income Exclusion

Many Foreign Service spouses and dependents work in the private sector overseas and thus are eligible for the Foreign Earned Income Exclusion. American citizens and residents living and working overseas are eligible for the income exclusion, unless they are employees of the United States government. The first $85,700 earned overseas as an employee or as self-employed may be exempt from income taxes.

Note: The method for calculating the tax on non-excluded income in tax returns that include both excluded and non-excluded income was changed, beginning in 2006, resulting in a higher tax on the non-excluded portion. (See the box on page 48 for a fuller explanation.)

To receive the exemption, the taxpayer must meet one of two tests: 1) the Physical Presence Test requires that the taxpayer be present in a foreign country for at least 330 days during any 12-month period (the period may be different from the tax year); or 2) the Bona Fide Residence Test requires that the taxpayer has been a bona fide resident of a foreign country for an uninterrupted period that includes an entire tax year. Most Foreign Service spouses and dependents qualify under this test, but they must wait until they have been overseas for a full calendar year before claiming it. Keep in mind that self-employed taxpayers must still pay self-employment (Social Security and Medicare) tax on their income. Only the income tax is excluded.

Extension for Taxpayers Abroad

Taxpayers whose tax home is outside the U.S. on April 15 get an automatic extension until June 15 to file their returns. When filing the return, these taxpayers should write "Taxpayer Abroad" at the top of the first page and attach a statement of explanation. There are no late filing or late payment penalties for returns filed and taxes paid by June 15, but the IRS does charge interest on any amount owed from April 15 until the date it receives payment.

Standard Deduction

The standard deduction is given to non-itemizers. For couples, the deduction is now $10,700 and for singles, $5,350. Married couples filing separately get a standard deduction of $5,350 and head-of-household filers receive a $7,850 deduction. An additional amount is allowed for taxpayers over age 65 or blind.

Most unreimbursed employee business expenses must be reported as miscellaneous itemized deductions, which are subject to a threshold of 2 percent of Adjusted Gross Income. These include professional dues and subscriptions to publications; employment and educational expenses; home office, legal, accounting, custodial and tax preparation fees; home leave, representational and other employee business expenses; and contributions to AFSA's Legislative Action Fund. Unreimbursed moving expenses are an adjustment to income, which means that you get to deduct them even if you are taking the standard deduction. However, the deduction includes only the unreimbursed costs of moving your possessions and yourself and your family to the new location.

Medical expenses (including health and long-term care insurance, but not health insurance premiums deducted from government salaries) are subject to a threshold of 7.5 percent of Adjusted Gross Income. This means that to be deductible, the medical costs would have to exceed $2,250 for a taxpayer with a $30,000 AGI. There is also an additional 3-percent reduction of itemized deductions (excluding Schedule A deductions for medical expenses, losses from casualties and theft, and investment-interest losses) if the AGI exceeds $150,500. Note that this 3 percent is applied to the AGI over $156,400 and not to the total of itemized deductions on Schedule A. The maximum loss for deductions is capped at 80 percent.

State and local income taxes and real estate and personal property taxes remain fully deductible for itemizers, as are charitable contributions to U.S.-based charities for most taxpayers. Donations to the AFSA Scholarship Fund are fully deductible as charitable contributions, as are donations to AFSA via the Combined Federal Campaign. Individuals may also dispose of any profit from the sale of personal property abroad in this manner.

For 2007 tax returns, any interest paid on auto or personal loans, credit cards, department stores and other personal interest will not be allowed as itemized deductions. Interest on educational loans will be allowed as an adjustment to gross income. If the above debts are consolidated, however, and paid with a home equity loan, interest on the home equity loan is allowable. Mortgage interest is still, for the most part, fully deductible. Interest on loans intended to finance investments is deductible up to the amount of net income from investments. Interest on loans intended to finance a business is 100-percent deductible. Passive-investment interest on investments in which the taxpayer is an inactive participant (i.e., a limited partnership) can be deducted only from the income produced by other "passive income." Interest on loans that do not fall into the above categories,

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such as borrowing money to buy tax-exempt securities, is not deductible.

Home Leave Expenses

Employee business expenses, such as home leave and representation, may be listed as miscellaneous itemized deductions and claimed on Form 2106. In addition to the 2-percent floor, only 50 percent for meals and entertainment may be claimed (100 percent for unreimbursed travel and lodging). Only the employee's (not family members') home leave expenses are deductible. AFSA recommends maintaining a travel log and retaining a copy of home leave orders, which will help if the IRS ever questions claimed expenses. It is important to save receipts: without receipts for food, a taxpayer may deduct only $39 to $64 a day (depending upon the federal meals-and-incidentals per diem rate at the home leave address), no matter how large the grocery or restaurant bill. Lodging is deductible, as long as it is not with friends or relatives, or in one's own home. The IRS will disallow use of per diem rates and any expenses claimed for family members. If a hotel bill indicates double rates, the single-room rate should be claimed; and, if possible, the hotel's rate sheet should be saved for IRS scrutiny. Car rental, mileage and other unreimbursed travel expenses, including parking fees and tolls, may be deducted. The rate for business miles driven is 48.5 cents per mile. Those who use this optional mileage method need not keep detailed records of actual vehicle expenses. However, they must keep a detailed odometer log to justify the business use of the vehicle and track the percentage of business use. This optional mileage method applies to leased vehicles as well.

Official Residence Expenses

Since Oct. 1, 1990, employees who receive official residence expenses have not been allowed to reduce their reportable income by 3.5 percent. The IRS ruling regarding ORE states that "usual expenses," defined as 3.5 percent of salary, are not deductible. Therefore the only expenses that are deductible are those above the 3.5 percent paid out of pocket. Employees should save receipts for any out-of-pocket expenses associated with their representational duties. These expenses can be deducted as miscellaneous business expenses.

Home Ownership

Individuals may deduct interest on up to $1 million of acquisition debt for loans secured by a first and/or second home. This also includes loans taken out for major home improvements. On home equity loans, interest is deductible on up to $100,000, no matter how much the home cost, unless the loan is used for home improvements. The $100,000 ceiling applies to the total of all home equity loans you may have. The same generally applies to refinancing a mortgage. Points paid to obtain a refinanced loan cannot be fully deducted the same year, but must be deducted over the life of the loan. It is advisable to save the settlement sheet (HUD-1 Form) for documentation in the event your tax return is selected by the IRS for audit.

Qualified residences are defined as the taxpayer's principal residence and one other residence. The second home can be a house, condo, co-op, mobile home or boat, as long as the structure includes basic living accommodations, including sleeping, bathroom and cooking facilities. If the second home is a vacation property that you rent out for fewer than 15 days during the year, the income need not be reported. Rental expenses cannot be claimed either, but all property taxes and mortgage interest may be deducted.

Rental of Home

Taxpayers who are overseas and rented their homes in 2007 can continue to deduct mortgage interest as a rental expense. Also deductible are property management fees, condo fees, depreciation costs, taxes and all other rental expenses. Losses up to $25,000 may be offset against other income, as long as the AGI does not exceed $100,000 and the taxpayer is actively managing the property. However, a taxpayer who retains a property manager does not lose this benefit. All passive losses that can-

not be deducted currently are carried forward, and deducted in the year the property is sold.

Sale of a Principal Residence

The current capital-gains exclusion on the sale of a principal residence on or after May 7, 1997, applies to all homeowners regardless of their age. Previously, qualified individuals who were age 55 or older were allowed a one-time capital-gains exclusion of $125,000. Also, under previous law, if you had a gain when you sold your home, you could defer all or part of the gain if you purchased or built another home (of equal or higher value) within two years before or after the sale.

The current tax laws allow an exclusion of up to $500,000 for couples filing jointly and up to $250,000 for single taxpayers on the long-term gain from the sale of their principal residence. One need not purchase another residence to claim this exclusion. All depreciation taken after May 7, 1997, will, however, be recaptured (added to income) at the time of sale, and taxed at 25 percent.

The only qualification for the capital-gains exclusion is that the house sold must have been the taxpayer's principal residence, owned and occupied by the taxpayer for at least two of the last five years prior to the date of the sale. As stated above, the five-year period may be extended based on any period during which the taxpayer has been away from the area on a Foreign Service assignment, to a maximum of 15 years (including the five years). There are some exceptions to the two-year requirement, including a sale due to a "change in place of employment" (this would include foreign transfers). This exclusion is not limited to a once-in-a-lifetime sale, but may be taken once every two years.

When a principal residence is sold, capital gains realized above the exclusion amounts are subject to taxation. This exclusion replaces the earlier tax law provision that allowed both the deferral of gains and a one-time exclusion of a principal residence sale.

Temporary rental of the home does not disqualify one from claiming the exclusion. The new tax law requires only that you have occupied the house as your principal residence for the required period (two years out of five, extended).

Under Internal Revenue Code Section 1031, taxpayers whose U.S. home may no longer qualify for the principal residence exclusion may be eligible to replace the property through a "tax-free exchange" (the so-called Starker Exchange). In essence, one property being rented out may be exchanged for another, as long as that one is also rented. In exchanging the properties, capital gains tax may be deferred. Technically, a simultaneous trade of investments occurs. Actually, owners first sign a contract with an intermediary to sell their property, hold the cash proceeds in escrow, identify in writing within 45 days the property they intend to acquire, and settle on the new property within 180 days, using the money held in escrow as part of the payment.

It is important to emphasize that the exchange is from one investment property to another investment property — the key factor in the IRS evaluation of an exchange transaction is the intent of the investor at the time the exchange was consummated. The IRS rules for these exchanges are complex and specific, with a number of pitfalls that can nullify the transaction. An exchange should never be attempted without assistance from a tax lawyer specializing in this field.

Calculating Your Adjusted Basis

Many Foreign Service employees ask what items can be added to the cost basis of their homes when they are ready to sell. Money spent on "fixing up" the home for sale may be deducted from the sales price. To qualify as legitimate "fixing-up costs," the following conditions must be met: 1) the expenses must be for work performed during the 90-day period ending on the day on which the contract to sell the old residence was signed; 2) the expenses must be paid on or before the 30th day after sale of the house; and 3) the expenses must not be capital expenditures for permanent improvements or replacements (these can be added to the basis of the property, the original purchase price, thereby reducing the amount of profit). A new roof and kitchen counters are not "fix-up" items. But painting the house, cleaning up the garden and making minor repairs qualify as "fix-up costs."

State Tax Provisions

Members of the Foreign Service are not treated as domiciled in their countries of assignment abroad. Every active-duty Foreign Service employee serving abroad must maintain a state of domicile in the United States, and the tax liability that the employee faces varies greatly from state to state. In addition, there are numerous regulations concerning the taxability of Foreign Service pensions and annuities that vary by state.

The state guide briefly reviews the laws regarding income tax and tax on annuities and pensions as they affect Foreign Service personnel. Please note that while AFSA makes every attempt to provide the most up-to-date information, readers with specific questions should consult a tax expert in the state in question at the addresses given. We also encourage readers to visit the states' tax Web sites, also listed.

Most Foreign Service employees have questions about their liability to pay state income taxes during periods when they are posted overseas or assigned to Washington. There are many criteria used in determining which state is a citizen's domicile. One of the strongest determinants is prolonged physical presence, a standard that Foreign Service personnel frequently cannot meet, due to overseas service.

In such cases, the states will make a determination of the individual's income tax status based on other factors, including where the individual has family ties, where he or she has been filing resident tax returns, where he or she is registered to vote or has a driver's license, where he or she owns property, or where the person has bank accounts or other financial holdings. In the case of Foreign Service employees, the domicile might be the state from which the person joined the Service, where his or her home leave address is, or where he or she intends to return upon separation. For purposes of this article, the term domicile refers to legal residence;

Foreign Earned Income — Important Change in IRS Rules

The Foreign Earned Income Exclusion allows U.S. citizens who are not government employees and are living outside the U.S. to exclude up to $85,700 of their 2007 foreign-source income if they meet certain requirements.

However, beginning in 2006, the IRS changed the requirement for how the excluded amount needs to be calculated. This affects the tax liability for couples with one member employed on the local economy overseas. Previously, you took your total income and then subtracted your excluded income and paid tax on the remainder. The change now requires that you take your total income and figure what your tax would be, then deduct the tax that you would have paid on the excludable income.

For example:

A Foreign Service employee earns $80,000.

Teacher spouse earns $30,000.

Before 2006: Tax on ($110,000 minus $30,000) = tax on $80,000 = tax bill of $13,121.

Now (2006 and later): Tax on $110,000 = $20,615; tax on $30,000 = $3,749; total tax = $20,615 minus $3,749 = tax bill of $16,866.

Increase in tax bill = $3,745.

If you have questions about the implementation of this new regulation, please consult a financial professional.

some states also define it as permanent residence. Residence refers to physical presence in the state.

Foreign Service personnel must continue to pay taxes to the state of domicile (or to the District of Columbia) while residing outside of the state, including during assignments abroad, unless the state of residence does not require it.

A non-resident, according to most states' definitions, is an individual who earns income sourced within the specific state but does not live there or is living there for only part of the year (usually, less than six months). Individuals are generally considered residents, and are thus fully liable for taxes, if they are domiciled in the state or if they are living in the state (usually at least six months of the year) but are not domiciled there.

Foreign Service employees residing in the metropolitan Washington area are required to pay income tax to the District of Columbia, Maryland or Virginia, in addition to paying tax to the state of their domicile. However, most states allow a credit, so that the taxpayer pays the higher tax rate of the two states, with each state receiving a share.

There are currently seven states with no state income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming. In addition, New Hampshire and Tennessee have no tax on personal income but do tax profits from the sale of bonds and property.

There are 10 states that, under certain conditions, do not tax income earned while the taxpayer is outside of the state: California, Connecticut, Idaho, Minnesota, Missouri, New Jersey, New York, Oregon, Pennsylvania and West Virginia. The requirements for all except California, Idaho, Minnesota and Oregon are that the individual not have a permanent "place of abode" in the state, have a permanent "place of abode" outside the state, and not be physically present for more than 30 days during the tax year. California allows up to 45 days in the state during a tax year. These 10 states require the filing of non-resident returns for all income earned from in-state sources. Foreign Service employees should be aware that states could challenge the status of government housing in the future.

The following list gives a state-by-state overview of the latest information available on tax liability, with addresses provided to write for further information or tax forms. Tax rates are provided where possible. For further information, please contact AFSA's Labor Management Office or the individual state tax authorities. As always, members are advised to double-check with their state's tax authorities. To assist you in connecting with your state tax office, we provide the Web site addresses for each and e-mail addresses or links where available. Some states do not offer e-mail customer service. The Federation of Tax Administrators Web site, at www.taxadmin.org, also provides much useful information on individual state income taxes.

James Yorke (yorkej@state.gov), who compiled the tax guide, would like to thank M. Bruce Hirshorn, Foreign Service tax counsel, for his help in preparing this article.

State Overviews

ALABAMA: Individuals domiciled in Alabama are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Alabama's tax ranges from 2 percent to a maximum of 5 percent on taxable income over $6,000 for married filing jointly. Write: Alabama Department of Revenue, 50 N. Ripley, Montgomery AL 36132.
Phone: (334) 242-1170.
E-mail: Link through the Web site, "About Us" then "Contacts."
Web site: www.ador.state.al.us

ALASKA: Alaska does not tax individual income or intangible or personal property. It has no sales and use, franchise or fiduciary tax. Some, but not all, municipalities levy sales and property taxes. Write: State Office Building, 333 Willoughby Ave, 11th Floor, P.O. Box 110420, Juneau AK 99811-0420.
Phone: (907) 465-2320.
Web site: www.tax.state.ak.us

ARIZONA: Individuals domiciled in Arizona are considered residents and are taxed on any income that is included in the Federal Adjusted Gross Income, regardless of their physical presence in the state. Arizona's tax rate ranges in five brackets from 2.73 percent to 4.79 percent on taxable income over $300,000 for married filing jointly. Write: Arizona Department of Revenue, Taxpayer Information & Assistance, 1600 W. Monroe, Phoenix AZ 85007-2650. Phone: (602) 255-3381.
E-mail: taxpayerassistance@azdor.gov
Web site: www.azdor.gov

ARKANSAS: Individuals domiciled in Arkansas are considered residents and are taxed on their entire income regardless of their physical presence in the state. The Arkansas tax rate ranges in six brackets from a minimum of 1 percent on net taxable income to a maximum of $1,302 plus 7 percent on net taxable income over $30,100 for married filing jointly. Write: Department of Finance and Administration, Individual Income Tax, 1816 West Seventh Street, Room 2300, Ledbetter Building, Little Rock AR 72201.
Phone: (501) 682-1100.
E-mail: Individual.Income@rev.state.ar.us
Web site: www.state.ar.us/dfa/

CALIFORNIA: Foreign Service employees domiciled in California must establish non-residency to avoid being liable for California taxes (see FTB Publication 1031). However, a "safe harbor" provision was introduced in 1994, which provides that anyone who is domiciled in state but is out of the state on an employment-related contract for at least 546 consecutive days will be considered a non-resident. This applies to most FS employees and their spouses, but members domiciled in California are advised to study FTB Publication 1031 for exceptions and exemptions. The California tax rate ranges in six brackets from 1 percent to a maximum of $3,946 plus 9.3 percent on the excess over $89,628 for married filing jointly. Non-residents use Form 540NR. Address: Franchise Tax Board, P.O. Box 942840, Sacramento CA 94240-0040.
Phone: toll-free 1 (800) 852-5711.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.ftb.ca.gov

COLORADO: Individuals domiciled in Colorado are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Colorado's tax rate is a flat 4.63 percent on federal taxable income attributable to Colorado sources, plus or minus allowable modifications. Write: Department of Revenue, Taxpayer Service Division, State Capitol Annex, 1375 Sherman St., Denver CO 80261-0005.
Phone: (303) 238-7378.
E-mail: Link through "Contact Us" tab on "Taxation" page, then click on any of the categories in "Online Answers and Customer Support" for e-mail option.
Web site: www.revenue.state.co.us

CONNECTICUT: Connecticut domiciliaries may qualify for non-resident tax treatment under either of two exceptions as follows: Group A: The domiciliary 1) did not maintain a permanent place of abode inside Connecticut for the entire tax year; and 2) maintains a permanent place of abode outside the state for the entire tax year; and 3) spends not more than 30 days in the aggregate in the state during the tax year. Group B: The domiciliary 1) in any period of 548 consecutive days, is present in a foreign country for at least 450 days; and 2) during the 548-day period, is not present in Connecticut for more than 90 days; and 3) does not maintain a permanent place of abode in the state in which the domiciliary's spouse or minor children are present for more than 90 days. For 2007, Connecticut's tax rate ranges from 3 percent on income less than $20,000 to $600 plus 5 percent on income over $20,000 for married filing jointly. Write: Department of Revenue Services, Taxpayer Services Division, 25 Sigourney St., Hartford CT 06106-5032. Phone: (860) 297-5962.
E-mail: drs@po.state.ct.us
Web site: www.ct.gov/drs

DELAWARE: Individuals domiciled in Delaware are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Delaware's tax rate rises on a sliding scale from 2.2 percent to a maximum of $2,943.50 plus 5.95 percent on any taxable income over $60,000. Write: Division of Revenue, Taxpayers Assistance Section, State Office Building, 820 N. French St., Wilmington DE 19801.
Phone (302) 577-8200.
E-mail: personaltax@state.de.us
Web site: www.state.de.us/revenue/

DISTRICT OF COLUMBIA: Individuals domiciled in the District of Columbia are considered residents and are subject to tax on their entire income regardless of their physical presence there. Individuals domiciled elsewhere are also considered residents for tax purposes for the portion of any calendar year in which they are physically present in the District for 183 days or more. The District's tax rate is 4 percent if income is less than $10,000; $400 plus 6 percent on excess over $10,000 if between $10,000 and $40,000; and $2,200 plus 8.5 percent on excess over $40,000. Write: Office of Tax and Revenue, 941 N. Capitol St., NE, Washington DC 20002.
Phone (202) 727-4TAX (4829).
E-mail: ocfo@dc.gov
Web site: www.cfo.dc.gov/cfo

FLORIDA: Florida does not impose personal income, inheritance or gift taxes. Beginning in Tax Year 2007, individuals, married couples, personal representatives of estates, and businesses are no longer required to file an annual intangible personal property tax return reporting their stocks, bonds, mutual funds, money market funds, shares of business trusts and unse-

cured notes. Florida imposes a state sales tax and a use tax of 6 percent each. Counties impose further taxes from 0.5 to 1.5 percent. Write: Tax Information Services, Florida Department of Revenue, 1379 Blountstown Highway, Tallahassee FL 32304-2716.
Phone: toll-free 1 (800) 352-3671 or (850) 488-6800.
E-mail: Link through Web site. Go to "Taxes," then "Tax Information," then "Questions?"
Web site: www.myflorida.com/dor

GEORGIA: Individuals domiciled in Georgia are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Georgia has a graduated tax rate starting at 1 percent and rising to a maximum of 6 percent on taxable income of $10,000 and above for married filing jointly and $7,000 for single filers. Write: Georgia Department of Revenue, Taxpayer Services Division, 1800 Century Blvd., NE, Atlanta GA 30345. Phone: (404) 417-2400.
E-mail for questions: taxpayer.services@dor.ga.gov
E-mail for forms: taxforms@dor.ga.gov
Web site: www.etax.dor.ga.gov/

HAWAII: Individuals domiciled in Hawaii are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. For 2007 Hawaii's tax rate ranges from 1.4 percent to a maximum of 8.25 percent on taxable income over $48,000 for single filers and $96,000 for married filing jointly. Write: Oahu District Office, Taxpayer Services Branch, P.O. Box 259, Honolulu HI 96809-0259.
Phone: (808) 587-4242, or toll-free 1 (800) 222-3229.
E-mail: Taxpayer.Services@hawaii.gov
Web site: www.state.hi.us/tax

IDAHO: Individuals domiciled in Idaho for an entire tax year are considered residents and are subject to tax on their entire income. Idaho's tax rate ranges in eight brackets from 1.6 percent to a maximum of 7.8 percent on Idaho taxable income of $100,000 or more. However, you are considered a non-resident if you meet all of the following conditions: you are an Idaho resident who lived outside of Idaho for at least 445 days in a 15-month period; after satisfying the 15-month period, you spent less than 60 days in Idaho during the year; you did not have a personal residence in Idaho for yourself or your family during any part of the calendar year; you did not claim Idaho as your federal tax home for deducting away-from-home expenses on your federal return; you were not employed on the staff of a U.S. member of Congress; and you did not hold an elective or appointive office of the U.S. government other than the armed forces or a career appointment in the U.S. Foreign Service (See Idaho Code Sections 63-3013 and 63-3030). A non-resident must file an Idaho income tax return if his or her gross income from Idaho sources is $2,500 or more. Write: Idaho State Tax Commission, P.O. Box 36, Boise ID 83722-0410.
Phone: toll-free 1 (800) 972-7660.
E-mail: taxrep@tax.idaho.gov
Web site: www.tax.idaho.gov

ILLINOIS: Individuals domiciled in Illinois are generally considered residents and are subject to tax on their entire income regardless of their physical presence in the state. However, under some circumstances domiciliaries absent from the state throughout the year may not be subject to tax, so

they should check with the Illinois Department of Revenue in advance. The Illinois tax rate remains a 3-percent flat rate for 2007. For information, write: Illinois Department of Revenue, P.O. Box 19001, Springfield IL 62794-9001.
Phone: (217) 782-3336 or toll-free
1 (800) 732-8866.
E-mail: Link through "Contact Us," then "Taxpayer Answer Center."
Web site: www.revenue.state.il.us

INDIANA: Individuals domiciled in Indiana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Indiana's tax rate remains a flat 3.4 percent for 2007. Write: Department of Revenue, 100 N. Senate Ave., Indianapolis IN 46204.
Phone: (317) 232-2240.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.in.gov/dor

IOWA: Individuals domiciled in Iowa are considered residents and are subject to tax on their entire income to the extent that income is taxable on the person's federal income tax returns. Iowa's tax rate ranges in nine brackets from 0.36 percent to a maximum of 8.98 percent on taxable income over $60,435, depending on income and filing status. Write: Taxpayer Services, Iowa Department of Revenue, P.O. Box 10457, Des Moines IA 50306-0457.
Phone: (515) 281-3114.
E-mail: idr@iowa.gov
Web site: www.state.ia.us/tax

KANSAS: Individuals domiciled in Kansas are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The Kansas tax rate rises from a minimum of 3.5 percent to a maximum of $2,925 plus 6.45 percent on excess over $60,000 for joint filers, or $1,463 plus 6.45 percent on excess over $30,000 for single filers. Write: Kansas Taxpayer Assistance Center, Room 150, 915 SW Harrison, Topeka KS 66612.
Phone: (785) 368-8222.
E-mail: tac@kdor.state.ks.us
Web site: www.ksrevenue.org

KENTUCKY: Individuals domiciled in Kentucky are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Kentucky's tax rate ranges from 2 percent on the first $3,000 of taxable income to $4,166 plus 6 percent on all taxable income over $75,000. Write: Kentucky Department of Revenue, Frankfort KY 40602. Phone: (502) 564-4581.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: revenue.ky.gov

LOUISIANA: Individuals domiciled in Louisiana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Louisiana's tax rate begins at 2 percent on the first $12,500 for single filers or $25,000 for joint filers, rising to 6 percent on taxable income over $25,000 for single filers or $50,000 for joint filers. Address: Taxpayer Services Division, Personal Income Tax Section, Louisiana Department of Revenue, P.O. Box 201, Baton Rouge LA 70821-0201.
Phone: (225) 219-0102.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.revenue.louisiana.gov

MAINE: Individuals domiciled in Maine are considered residents and are subject to tax on their entire income. However, beginning in Tax Year 2007, there is a "safe harbor" provision. Individuals who are domiciled in Maine are treated as non-residents if they satisfy all three of the following conditions: 1) they did not maintain a permanent place of abode in Maine for the entire taxable year; 2) they maintained a permanent place of abode outside Maine for the entire taxable year; and 3) they spent no more than 30 days in the aggregate in Maine during the taxable year. Maine's tax rate rises from a minimum of 2 percent in three steps to a maximum of 8.5 percent on taxable income over $44,000 for married filing jointly. Write: Maine Revenue Services, Income Tax Assistance, 24 State House Station, Augusta ME 04333-0024.
Phone: (207) 626-8475.
E-mail: income.tax@maine.gov
Web site: www.maine.gov/revenue

MARYLAND: Individuals domiciled in Maryland are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Individuals domiciled elsewhere are also considered residents for tax purposes for the portion of any calendar year in which they are physically present in the state for an aggregated total of 183 days or more. For Tax Years 2007, 2008 and 2009 only, U.S. government employees will be able to deduct up to $3,500 of any income earned overseas, including federal pay. Maryland's tax rate is 4.75 percent on taxable income over $3,000. In addition, Baltimore City and the 23 Maryland counties impose a local income tax, which is a percentage of the Maryland taxable income, using line 31 of Form 502 or line 9 of Form 503. The local factor varies from 1.25 percent in Worcester County to 3.2 percent in Montgomery and Howard Counties (see Web site for details on all counties). Write: Comptroller of Maryland, Revenue Administration Center, Taxpayer Service Section, Annapolis MD 21411.
Phone: (410) 260-7980 or toll-free
1 (800) MD-TAXES.
E-mail: taxhelp@comp.state.md.us
Web site: www.marylandtaxes.com

MASSACHUSETTS: Individuals domiciled in Massachusetts are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Salaries and most interest and dividend income are taxed at a flat rate of 5.3 percent. Some income (e.g., short-term capital gains) is taxed at 12 percent. Write: Massachusetts Department of Revenue, Taxpayer Services Division, P.O. Box 7010, Boston MA 02204.
Phone: (617) 887-6367.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.dor.state.ma.us

MICHIGAN: Individuals domiciled in Michigan are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Michigan's tax rate was increased from a flat 3.9 percent to 4.35 percent on Oct. 1, 2007; thus the annualized rate for Tax Year 2007 is 4.01 percent. Some Michigan cities impose an additional 1- or 2-percent income tax. (Detroit imposes an additional 2.5-percent tax.)
Address: Michigan Department of Treasury, Lansing MI 48922.
Phone: toll-free 1 (800) 827-4000.
E-mail: treasIndTax@michigan.gov
Web site: www.michigan.gov/treasury

MINNESOTA: Individuals domiciled in Minnesota are considered residents and are subject to tax on their entire income regardless of their physical presence in the

state. Minnesota's tax rate is either 5.35 percent, 7.05 percent or a maximum of 7.85 percent on taxable income over $69,991 for single filers or $123,751 for married filing jointly. Write: Department of Revenue, Mail Station 5510, Saint Paul MN 55146-5510. Phone: (651) 296-3781.
E-mail: indinctax@state.mn.us
Web site: www.taxes.state.mn.us

MISSISSIPPI: Individuals domiciled in Mississippi are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Mississippi's tax rate is 3 percent on the first $5,000 of taxable income, 4 percent on the next $5,000, and 5 percent on taxable income over $10,000. Contact Mississippi State Tax Commission, P.O. Box 1033, Jackson MS 39215-1033.
Phone: (601) 923-7000.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.mstc.state.ms.us

MISSOURI: An individual domiciled in Missouri is considered a non-resident and is not liable for tax on Missouri income if the individual has no permanent residence in Missouri, has a permanent residence elsewhere and is not physically present in the state for more than 30 days during the tax year. Missouri calculates tax on a graduated scale up to $9,000 of taxable income. Any taxable income over $9,000 is taxed at a rate of 6 percent. File a return yearly with Form MO-NRI. For more information write: Individual Income Tax Division, P.O. Box 2200, Jefferson City MO 65105-2200.
Phone: (573) 751-3505.
E-mail: income@dor.mo.gov
Web site: www.dor.mo.gov

MONTANA: Individuals domiciled in Montana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Montana's tax rate for 2007 rises in six steps from 1 percent on taxable income under $2,500 to a maximum of 6.9 percent on taxable income over $14,900. See the Web site for various deductions and exemptions, or write: Montana Department of Revenue, P.O. Box 5805, Helena MT 59604.
Phone: (406) 444-6900.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: mt.gov/revenue

NEBRASKA: Individuals domiciled in Nebraska are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The 2007 individual income tax rates range from 2.56 percent to a maximum of $2,173 plus 6.84 percent on income over $54,000 for joint filers. Write: Department of Revenue, 301 Centennial Mall South, P.O. Box 94818, Lincoln NE 68509-4818.
Phone (402) 471-5729.
E-mail: Link through the Web site "Contact Us" page.
Web site: www.revenue.state.ne.us

NEVADA: Nevada does not tax personal income. There is a sales-and-use tax of between 6.5 and 7.75 percent, depending on the county, and an ad valorem personal and real property tax. Write: Nevada Department of Taxation, 1550 College Pkwy, Suite 115, Carson City NV 89706.
Phone: (775) 684-2000.
Web site: www.tax.state.nv.us

NEW HAMPSHIRE: The state imposes no personal income tax on earned income and no general sales tax. The state

levies, among other taxes, a 5-percent tax on interest and dividend income of more than $4,800 annually for joint filers and an 8.5 percent tax on business profits including sale of rental property. The inheritance tax was repealed in 2003. Applicable taxes apply to part-year residents. Write: Taxpayer Assistance Office, 45 Chenell Drive, P.O. Box 2072, Concord NH 03302-2072.
Phone: (603) 271-2191.
Web site: www.nh.gov/revenue

NEW JERSEY: A New Jersey domiciliary is considered a non-resident for New Jersey tax purposes if the individual has no permanent residence in New Jersey, has a permanent residence elsewhere and is not physically in the state for more than 30 days during the tax year. Filing a return is not required (unless the non-resident has New Jersey source income) but is recommended in order to preserve domicile status. Filing is required on Form 1040-NR for revenue derived from in-state sources. Tax liability is calculated as a variable lump sum plus a percentage from a low of 1.4 percent of taxable gross income up to $20,000, to a high of 8.97 percent on taxable gross income over $500,000. Write: State of New Jersey, New Jersey Division of Taxation, Office of Information and Publications, P.O. Box 281, Trenton NJ 08695-0281. Phone: (609) 292-6400.
E-mail: Link through the Web site's "Contact Us" page.
Web site: www.state.nj.us/treasury/taxation.

NEW MEXICO: Individuals domiciled in New Mexico are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The basis for New Mexico's calculations is the Federal Adjusted Gross Income figure. For Tax Year 2007, the state has a graduated rate table with four brackets, ranging from 1.7 percent to a maximum of 5.3 percent on New Mexico taxable income over $96,000. Write: New Mexico Taxation and Revenue Department, Tax Information and Policy Office, 1100 St. Francis Drive, P.O. Box 630, Santa Fe NM 87504-0630. Phone: (505) 827-0700.
E-mail: Link through "E-mail Us" tab at bottom of home page.
Web site: www.state.nm.us/tax

NEW YORK: There is no tax liability for out-of-state income if the individual has no permanent residence in New York, has a permanent residence elsewhere and is not present in the state more than 30 days during the tax year. Filing a return is not required, but it is recommended to preserve domicile status. The tax rate ranges in four brackets from a minimum of 4 percent to a maximum of 6.85 percent on taxable income over $40,000 for married filing jointly. In New York City the maximum rate is 3.648 percent. Filing is required on Form IT-203 for revenue derived from New York sources. A 2001 opinion from the New York tax authorities stated that Foreign Service employees not domiciled in New York state but assigned to the U.S. United Nations Office for a normal tour of duty would not be considered to be maintaining a permanent place of abode in New York state. For tax purposes, such individuals are considered non-residents. Write: New York State Department of Taxation and Finance, Personal Income Tax Information, W.A. Harriman Campus, Albany NY 12227.
Phone: toll-free 1 (800) 225-5829.
E-Mail: Link through Web site's "Answer Center" tab.
Web site: www.nystax.gov

NORTH CAROLINA: Individuals domiciled in North Carolina are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The tax rate starts at 6 percent on taxable income up to $12,750 for single or $21,250 for joint filers, rising in three steps to 8.25 percent on taxable income over $120,000 for single filers and over $200,000 for joint filers. Residents must also report and pay a "use tax" on their state income tax returns, on purchases made outside the state for use in North Carolina. Write: Department of Revenue, P.O. Box 25000, Raleigh NC 27640-0640.
Phone: toll-free 1 (877) 252-3052.
Web site: www.dor.state.nc.us

NORTH DAKOTA: Individuals domiciled in North Dakota and serving outside the state are considered residents and are subject to tax on their entire income. For Tax Year 2007, the tax rate ranges from 2.1 percent on taxable income up to $31,850 to a maximum of 5.54 percent on taxable income over $349,700. Write: Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Avenue, Dept 127, Bismarck ND 58505-0599.
Phone: (701) 328-2770.
E-mail: taxinfo@nd.gov
Web site: www.nd.gov/tax

OHIO: Individuals domiciled in Ohio are considered residents and their income is subject to tax using the Federal Adjusted Gross Income figure as a starting base. For 2007, Ohio's tax rate ranges in nine brackets from 0.649 percent to a maximum of 6.555 percent on taxable income over $200,000. For Tax Year 2008, this maximum will be reduced to 6.24 percent and in 2009 to 5.925 percent. Write: Ohio Department of Taxation, Taxpayer Services Center, 4485 Northland Ridge Blvd., Columbus OH 43229.
Phone: toll-free 1 (800) 282-1780 or (614) 387-0224.
E-mail: Link through Web site's "Contact Us" tab.
Web site: www.tax.ohio.gov

OKLAHOMA: Individuals domiciled in Oklahoma are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The 2007 tax rate rises in eight brackets to a maximum of 5.65 percent on taxable income over $8,700 for single filers and $15,000 for married filing jointly. Write: Oklahoma Tax Commission, Taxpayer Services Division, 2501 North Lincoln Blvd., Oklahoma City OK 73194-0009.
Phone: (405) 521-3160.
E-mail: otcmaster@tax.ok.gov
Web site: www.oktax.state.ok.us

OREGON: Individuals domiciled in Oregon are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. However, under a 1999 law, Oregon exempts domiciliaries who meet the foreign residence requirement for the Foreign Earned Income Exclusion, even though they may be federal employees. Tax Year 2007 rates rise from 5 percent to a maximum of 9 percent on taxable income over $7,150 for single filers and over $14,300 for married filing jointly. Oregon has no sales tax. Write: Oregon Department of Revenue, 955 Center Street N.E., Salem OR 97301-2555. Phone: (503) 378-4988.
E-mail: questions.dor@state.or.us
Web site: www.oregon.gov/dor and http://egov.oregon.gov/dor

PENNSYLVANIA: Pennsylvania tax authorities have ruled that Pennsylvania residents in the U.S. Foreign Service are not on federal active duty for state tax purposes and thus their income is taxable compensation. For individuals domiciled in Pennsylvania, there is no tax liability on non-Pennsylvania source income if the individual has no permanent place of abode in Pennsylvania, has a permanent place of abode elsewhere, and spends no more than 30 days in Pennsylvania during the tax year. An abode is not permanent if it is occupied only during a fixed or limited period of time for a particular purpose. Pennsylvania does not consider government quarters overseas to be a "permanent place of abode elsewhere." If there is no tax liability, filing a return is not required, but it is recommended to preserve domicile status. Residents must file Form PA-40 for income received from all sources; nonresidents must file Form PA-40 for income derived from Pennsylvania sources. Pennsylvania's tax rate is a flat 3.07 percent. Write: Commonwealth of Pennsylvania, Department of Revenue, Taxpayer Services Department, Harrisburg PA 17128-1061.
Phone: (717) 787-8201.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.revenue.state.pa.us

PUERTO RICO: Individuals who are domiciled in Puerto Rico are considered residents and are subject to tax on their entire income regardless of their physical presence in the commonwealth. Normally, they may claim a credit, with certain limitations, for income taxes paid to the United States on income from sources outside Puerto Rico and for any federal taxes paid. See the current forms on the Web site for 2007 tax rates. Write: Departamento de Hacienda, P.O. Box 9024140, San Juan PR 00902-4140.
Phone: (787) 721-2020, ext. 3611, or toll-free 1 (800) 981-9236.
E-mail: infoserv@hacienda.gobierno.pr
Web site: www.hacienda.gobierno.pr

RHODE ISLAND: Individuals domiciled in Rhode Island are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Rhode Island tax is calculated based on the Federal Adjusted Gross Income figure, and will generally be about 25 percent of the federal tax liability. Refer to the tax division's Web site not only for current information and handy filing hints, but also for forms and regulations to download. Write: Rhode Island Division of Taxation, Taxpayer Assistance Section, One Capitol Hill, Providence RI 02908-5801.
Phone: (401) 574-8829, between 8:30 a.m. and 4 p.m. EST.
E-mail: txassist@tax.state.ri.us
Web site: www.tax.state.ri.us

SOUTH CAROLINA: Individuals domiciled in South Carolina are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. South Carolina imposes a graduated tax ranging from a minimum of 2.5 percent on the first $2,500 rising in six steps to a maximum of 7 percent on taxable income over $100,000. Write: South Carolina Tax Commission, 301 Gervais Street, P.O. Box 125, Columbia SC 29214.
Phone: (803) 898-5709.
E-mail: iitax@sctax.org
Web site: www.sctax.org

AFSA NEWS

SOUTH DAKOTA: There is no state income tax and no state inheritance tax. Property and sales taxes vary depending on city and/or county. Sales tax is generally between 5 and 6 percent. Write: South Dakota Dept of Revenue, 445 E. Capitol Ave., Pierre SD 57501-3185.
Phone: (605) 773-3311.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.state.sd.us/drr2/revenue.html

TENNESSEE: Salaries and wages are not subject to state income tax, but Tennessee imposes a 6-percent tax on dividends and certain types of interest income received by Tennessee residents. Total sales tax is between 8.5 and 9.75 percent, depending on the city and/or county. For information write: Tennessee Department of Revenue (Attn: Taxpayer Services), 500 Deaderick Street, Nashville TN 37242.
Phone: (615) 253-0600.
E-mail: TN.Revenue@state.tn.us
Web site: www.state.tn.us/revenue

TEXAS: There is no state income tax. Sales tax ranges from 6.5 to 8.25 percent, depending on jurisdiction. Write: Texas Comptroller of Public Accounts, P.O. Box 13528, Capitol Station, Austin TX 78711-3528. Phone: toll-free 1 (877) 622-8375.
E-mail: tax.help@cpa.state.tx.us
Web site: www.window.state.tx.us

UTAH: Individuals domiciled in Utah are considered residents and are subject to state tax. Utah requires that all Federal Adjusted Gross Income reported on the federal return be reported on the state return regardless of the taxpayer's physical presence in the state. For 2007, Utah's tax rate ranged in five steps from a minimum of 2.3 percent on the first $1,000 of taxable income to a maximum 6.98 percent on taxable income over $11,000 for married filing jointly. In addition, for Tax Year 2007, a flat-tax option of 5.35 percent with limited deductions is now also available. Write: Utah State Tax Commission, Taxpayer Services Division, 210 North 1950 West, Salt Lake City UT 84134.
Phone: (801) 297-2200 or toll-free 1 (800) 662-4335.
E-mail: taxmaster@utah.gov
Web site: www.tax.utah.gov

VERMONT: Individuals domiciled in Vermont are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Tax rates range from 3.6 percent on Vermont taxable income under $30,650 to a maximum of 9.5 percent on Vermont taxable income over $336,550 for married filing jointly. Write: Vermont Department of Taxes, Taxpayer Services Division, 133 State Street, Montpelier VT 05633-1401.
Phone: (802) 828-2865.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.state.vt.us/tax

VIRGINIA: Individuals domiciled in Virginia are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Individuals domiciled elsewhere are also considered residents for tax purposes for the portion of any calendar year in which they are physically present in the state for 183 days or more. These individuals file using Form 760. In addition, Virginia requires non-residents to file Form 763 if their Virginia Adjusted Gross Income (which includes any federal salary paid during time they are residing in Virginia) exceeds $7,000 for single filers, $14,000 for married filing jointly or $7,000 for married filing separately. (These amounts will increase to $11,250 and $22,500 in Tax Years 2008 and 2009, and slightly higher in subsequent years up to 2012.) Individual tax rates are: 2 percent on taxable income less than $3,000; $60 plus 3 percent on taxable income between $3,000 and $5,000; $120 plus 5 percent on taxable income between $5,000 and $17,000; and $720 plus 5.75 percent on taxable income over $17,000. Write: Virginia Department of Taxation, Office of Customer Services, P.O. Box 1115, Richmond VA 23218-1115.
Phone: (804) 367-8031.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.tax.virginia.gov

WASHINGTON: There is no state income tax and no tax on intangibles such as bank accounts, stocks and bonds. Sales tax ranges from 7.2 to 8.9 percent, depending on jurisdiction. Address: Washington State Department of Revenue, Taxpayer Services, P.O. Box 47478, Olympia WA 98504-7478.
Phone: (360) 786-6100 or toll-free 1 (800) 647-7706.
E-mail: Link through the Web site's " Contact Us" tab.
Web site: www.dor.wa.gov

WEST VIRGINIA: There is no tax liability for out-of-state income if the individual has no permanent residence in West Virginia, has a permanent residence elsewhere and spends no more than 30 days of the tax year in West Virginia. Filing a return is not required, but is recommended to preserve domicile status. Filing of Form IT-140-NR is required for all income derived from West Virginia sources. Tax rates begin at $150 plus 4 percent on income over $5,000 for married filing separately, rising in four steps to $2,775 plus 6.5 percent on income over $60,000 for joint filers. Write: Department of Tax and Revenue, Taxpayer Services Division, P.O. Box 3784, Charleston WV 25337-3784.
Phone: (304) 558-3333, or toll-free 1 (800) 982-8297.
E-mail: wvtaxaid@tax.state.wv.us
Web site: www.state.wv.us/taxdiv

WISCONSIN: Individuals domiciled in Wisconsin are considered residents and are subject to tax on their entire income regardless of where the income is earned. Wisconsin's current tax rate ranges from 4.6 percent on income up to $9,160 for single filers, to a maximum of $11,663.87 plus 6.75 percent on income over $183,210 for joint filers. Write: Wisconsin Department of Revenue, Individual Income Tax Assistance, P.O. Box 59, Madison WI 53785-0001. Phone: (608) 266-2486.
E-mail: Use Web site "contact us" page and click on "Taxpayer Assistance."
Web site: www.dor.state.wi.us

WYOMING: There is no state income tax and no tax on intangibles such as bank accounts, stocks or bonds. Sales tax ranges between 4 and 6 percent, depending on jurisdiction. Write: Wyoming Department of Revenue, Herschler Building, 122 West 25th St., Cheyenne WY 82002-0110.
Phone: (307) 777-7961.
E-mail: DirectorofRevenue@wy.gov
Web site: revenue.state.wy.us

State Pension & Annuity Tax

The laws regarding the taxation of Foreign Service annuities vary greatly from state to state. In addition to those states that have no income tax, there are several states that do not tax income derived from pensions and annuities. Idaho taxes Foreign Service annuities while exempting certain categories of Civil Service annuities. The National Active and Retired Federal Employees Association Web site also provides detailed information on other state taxes for federal annuitants. Go to: www.narfe.org/departments/hq/guest/articles.cfm?ID=732

ALABAMA: Social Security and federal pensions are not taxable.

ALASKA: No personal income tax.

ARIZONA: Up to $2,500 of U.S. government pension income may be excluded for each taxpayer. There is also a $2,100 exemption for each taxpayer age 65 or over.

ARKANSAS: Up to $6,000 of income from any retirement plan is exempt. Social Security is not taxed.

CALIFORNIA: Fully taxable.

COLORADO: Up to $24,000 exempt if age 65 or over. Up to $20,000 exempt if age 55 to 64.

CONNECTICUT: Fully taxable for residents.

DELAWARE: Pension exclusions per person: $2,000 exempt under age 60, $12,500 if age 60 or over. Additional deduction of $2,500 if age 65 or over. Social Security income is exempt.

DISTRICT OF COLUMBIA: Pension or annuity exclusion of $3,000 if 62 years or older. Social Security excluded from taxable income.

FLORIDA: No personal income, inheritance or gift tax. For Tax Year 2007 Florida has repealed the intangibles tax.

GEORGIA: For Tax Year 2007, $30,000 retirement income excluded for those age 62 or older, or totally disabled. This will increase to $35,000 for Tax Year 2008.

HAWAII: Pension and annuity distributions from a government pension plan are not taxed in Hawaii.

IDAHO: If the individual is age 65 or older, or age 62 and disabled, U.S. government pensions qualify for a deduction in 2007 of up to $25,392 for a single return and up to $38,808 for a joint return. Up to $25,392 may be deducted by the unmarried survivor of the annuitant. The deduction is not available if married filing separately. The amount is reduced dollar for dollar by Social Security benefits.

ILLINOIS: U.S. government pensions are not taxed.

INDIANA: If the individual is over age 62, the AGI may be reduced by the first $2,000 of any pension, reduced dollar for dollar by (non-taxable) Social Security benefits. Also, there is a $1,000 exemption if over 65, or $1,500 if federal AGI less than $40,000. No pension exclusion for survivor annuitants of federal annuities.

IOWA: Generally taxable. However, for Tax Years 2007 and 2008, a married couple with an income for the year of less than $24,000 may file for exemption if at least one spouse or the head of household is 65 years or older on Dec. 31 of that tax year. Starting with Tax Year 2009, this amount is increased to $32,000. For Tax Years 2007 and 2008, a single person who is 65 years or older on Dec. 31 of that tax year may file for an exemption if their income is $18,000 or less. Starting with Tax Year 2009, this amount will increase to $24,000. For those over age 55, there is a pension/retirement income exclusion of up to $6,000 for single, head of household or qualifying widower filers and up to $12,000 for married filing jointly. The same income tax rates apply to annuities as other incomes.

KANSAS: U.S. government pensions are not taxed. On other income, the deduction for those over age 65 is $6,200.

KENTUCKY: Government pensions attributable to service before Jan. 1, 1998, are not taxed. The portion of annuity income attributable to service after Dec. 31, 1997, is subject to tax at the appropriate rate; the pension exclusion of up to $41,110 is unchanged for 2007. Social Security is not taxed.

LOUISIANA: Federal retirement benefits are exempt from Louisiana state income tax. There is an exemption of $6,000 of other annual retirement income received by any person age 65 or over.

MAINE: Recipients of a government-sponsored pension or annuity may deduct up to $6,000 on income that is included in their federal AGI, reduced by all Social Security and railroad benefits. For those age 65 and over, there is an additional standard deduction of $1,250 (single), $1,000 (married filing singly), and $2,000 (married filing jointly).

MARYLAND: Those over age 65 or permanently disabled, or who have a spouse who is permanently disabled, may under certain conditions be eligible for Maryland's maximum pension exclusion of $22,600 for 2006. Also, all individuals age 65 or older are entitled to an extra $1,000 personal exemption in addition to the regular $2,400 personal exemption available to all taxpayers. Social Security is not taxed. See the worksheet and instructions for Maryland Form 502.

MASSACHUSETTS: Distributions made to a retiree from a federal employee contributory plan are excluded from Massachusetts gross income.

MICHIGAN: Federal government pensions are exempt from taxation in Michigan. For tax year 2007, pension benefits included in the AGI from a private pension system or an IRA are deductible up to a maximum of $42,240 for a single filer, or $84,480 for joint filers. Senior citizens age 65 or older may be able to deduct part of their interest, dividends and capital gains that are included in AGI. For 2007, the deduction is limited to a maximum of $9,420 for single filers and $18,840 for joint filers. However, the maximum must be reduced by the pension subtraction.

MINNESOTA: Generally all pensions are taxable, but single taxpayers who are over age 65 or disabled may exclude some income if the federal AGI is under $33,700 and non-taxable Social Security is under $9,600. For a couple, the limits are $42,000 for the AGI and $12,000 for non-taxable Social Security.

MISSISSIPPI: Social Security and qualified retirement income from federal, state and private retirement systems are exempt from Mississippi tax.

MISSOURI: Up to $6,000 is exempt if pension income is less than $32,000 when married filing jointly, $16,000 if married filing separately, or $25,000 for a single or head-of-household filer. This $6,000 is reduced dollar for dollar by the amount the income exceeds these income limitations.

MONTANA: There is a $3,600 pension-income exclusion if AGI is less than $30,000. This exclusion can be claimed by each spouse if both have retirement income and is reduced by $2 for every $1 over $30,000. Those over 65 can exempt a further $800 of interest income for single taxpayers and $1,600 for married joint filers.

NEBRASKA: U.S. government pensions and annuities are fully taxable.

NEVADA: No personal income tax.

NEW HAMPSHIRE: No personal income tax. The inheritance tax was repealed in 2003. There is a 5-percent tax on interest/dividend income over $4,800 (married filing jointly). A $1,200 exemption is available for those 65 or over.

NEW JERSEY: Pensions and annuities from civilian government service are subject to state income tax with exemptions for those who are age 62 or older, or totally and permanently disabled. Singles and heads of households can exclude up to $15,000; married filing jointly up to $20,000; married filing separately up to $10,000 each. These exclusions are eliminated for New Jersey gross incomes over $100,000. Residents over 65 may be eligible for an additional $1,000 personal exemption.

NEW MEXICO: All pensions and annuities are taxed as part of Federal Adjusted Gross Income. Those 65 and older may be eligible to claim a deduction of up to $8,000 on AGI less than $18,000. Exemption is reduced as income increases, disappearing altogether at $51,000.

NEW YORK: U.S. government pensions and annuities are not taxed. For those over age 59½, up to $20,000 of other annuity income (e.g., Thrift Savings Plan) may be excluded. See N.Y. Tax Publication 36 for details.

NORTH CAROLINA: Pursuant to the "Bailey" decision, government retirement benefits received by federal retirees who had five years of creditable service in a federal retirement system on Aug. 12, 1989, are exempt from North Carolina income tax. Those who do not have five years of creditable service as of that date must pay North Carolina tax on their federal annuities. In this case, up to $4,000 ($8,000 if filing jointly) of any federal annuity income is exempt. For those over age 65, an extra $750 (single) or $1,200 (couple) may be deducted.

NORTH DAKOTA: All pensions and annuities are fully taxed, except for the first $5,000, which is exempt minus any Social Security payments if the individual uses Form ND-2 (optional method).

OHIO: Taxpayers 65 and over may take a $50 credit per return. In addition, Ohio gives a tax credit based on the amount of the retirement income included in Ohio Adjusted Gross Income, reaching a maximum of $200 for any retirement income over $8,000.

OKLAHOMA: Taxable, but up to $10,000 exempt on all federal pensions. Beginning in Tax Year 2007, 20 percent of any federal pension may be exempt.

OREGON: Generally, all retirement income is subject to Oregon tax when received by an Oregon resident. This includes non-Oregon source retirement income. However, federal retirees who retired on or before Oct. 1, 1991, may exempt their entire federal pension; those who worked both before and after that date must prorate their exemption using the instructions in the tax booklet. Oregon-source retirement income received by nonresidents who are not domiciled in Oregon is not subject to taxation. Oregon does not tax Social Security benefits.

PENNSYLVANIA: Government pensions and Social Security are not subject to personal income tax.

PUERTO RICO: For Tax Year 2007, the first $10,000 of income received from a federal pension could be excluded for individuals under age 60. Over 60 the exclusion is $14,000. If the individual receives more than one federal pension, the exclusion applies to each pension or annuity separately.

RHODE ISLAND: U.S. government pensions and annuities are fully taxable.

SOUTH CAROLINA: Individuals under age 65 can claim a $3,000 deduction on qualified retirement income; those 65 years of age or over can claim a $10,000 deduction on qualified retirement income. A resident of South Carolina who is 65 years or older may claim a $15,000 deduction against any type of income ($30,000 if both spouses are over 65), but must reduce this figure by any retirement deduction claimed. Social Security is not taxed.

SOUTH DAKOTA: No personal income tax.

TENNESSEE: Social Security, annuities and TSP are not subject to personal income tax. Certain interest/dividend income is taxed at 6 percent if over $2,500 (married filing jointly). However, those over 65 have $16,200 exempted for a single filer and $27,000 for joint filers.

TEXAS: No personal income tax.

UTAH: Individuals under age 65 may take a $4,800 deduction. However, the deduction is reduced by $.50 for every $1 that Federal Adjusted Gross Income exceeds $41,600 (married filing jointly) or $34,600 (single). Those over age 65 may exempt up to $7,500 for each individual. However, the exemption is reduced by $.50 for every $1 that the total income exceeds $62,000 (married filing jointly and both over 65) or $40,000 (single).

VERMONT: U.S. government pensions and annuities are fully taxable.

VIRGINIA: Individuals who were over age 65 on Jan. 1, 2004, can take a $12,000 deduction; those age 62 or 63 as of that date can take a $6,000 deduction. Those who reached 62 after Jan. 1, 2004, cannot claim any deduction until they reach 65. For those who reached 65 after Jan. 1, 2004, the $12,000 deduction is reduced by $1 for each dollar their AGI exceeds $50,000 for single, and $75,000 for married, taxpayers. All taxpayers over 65 receive an additional personal exemption of $800. Social Security income is exempt.

WASHINGTON: No personal income tax.

WEST VIRGINIA: An exemption of up to $8,000 of income received from any source may be applied for if 65 years or older. Under 65, there is a $2,000 pension exclusion.

WISCONSIN: Pensions and annuities are fully taxable. Those age 65 or over may take two personal deductions totaling $1,000. However, benefits received from a federal retirement system account established before Dec. 31, 1963, are not taxable. No more than 50 percent of Social Security is taxed for Tax Year 2007. For tax years starting after Jan 1, 2008, Wisconsin will no longer tax Social Security benefits included in Federal Adjusted Gross Income.

WYOMING: No personal income tax. ◆

The AFSA Tax Guide is also available at www.afsa.org/news.

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BOOKS

America's Third Border

Cold War in a Hot Zone: The United States Confronts Labor and Independence Struggles in the British West Indies
Gerald Horne, Temple University Press, 2007, $25.95, paperback, 262 pages.

REVIEWED BY GERALD J. LOFTUS

> *Horne draws on a rich source: dispatches from U.S. consuls in the British West Indies following World War II.*

It is 1953, and the voters of British Guiana have elected leftist Cheddi Jagan as leader of the colonial parliament. In a turbulent period that would soon witness the overthrow of Mohammad Mossadegh in Iran and Jacobo Arbenz in Guatemala, few were surprised when London sent in warships to remove Jagan and preempt what the U.K. saw as an incipient communist takeover.

This vignette sets the theme of Gerald Horne's book, wherein labor organizers – who later will lead their countries — fight for worker rights, independence and federation of the islands. That is a tall enough order, made harder by the shadow of the United States, which seeks to expand its influence in a region often called "the American lake" or "America's third border." (That uncomfortable reality is underscored every time Florida becomes a beachhead for boat people.)

This book should be of particular interest to all Foreign Service personnel who served in the English-speaking Caribbean. Professor Horne, of the University of Houston, has authored numerous books on the Cold War, the left and the African diaspora. As that list of topics suggests, there is a definite slant to his writing; he is a contributing editor to *Political Affairs: A Marxist Monthly*, and describes himself as coming from "the Paul Robeson and W.E.B. Du Bois tradition." But *Cold War in a Hot Zone* is extremely well researched and surprisingly lively, despite a writing style that at times borders on the fussy and archaic (holding a "confab"; to "sashay").

Horne draws on a rich source in the National Archives: dispatches from U.S. consuls in the British West Indies warning Washington of disturbing volatility within the colonies' labor movements. During World War II, U.S. shortages of farm and industrial workers had attracted thousands of West Indians to America. As he notes, British intelligence was wary of what it saw as the radicalizing influence of African-Americans on those workers, and we learn of MI5 operatives eavesdropping on NAACP meetings in Harlem and infiltrating historically black universities.

The author's documentation of the racism on American military bases in the region is solid, but he probably exaggerates when he credits assertions that Americans introduced racism into the already caste-conscious Caribbean. Still, he gives us many intriguing details on what he calls the "transmission belts" of mutual inspiration between the American civil rights movement and the West Indies.

Though the internecine struggles between the left and right wings of the Caribbean Labor Congress might bore generalists, U.S. reactions to West Indian political activism — especially in the words of American diplomats — should matter to anyone who ever wrote a reporting cable. While wartime anti-fascist sensibilities still reigned in 1946, Consulate Kingston officer Paul Blanshard could write of a Jamaican labor leader's "fascist" tendencies being dangerously bolstered by local elites, reminiscent of Benito Mussolini's rise to power. Only a few years later, in full Cold War mode, diplomatic reporting saw communist influence as the greatest danger, and conservative labor leaders were favored by London and its "ally-cum-rival" in Washington.

Horne's lament for the short-lived CLC may overstate the influence it and the "labor-left" had in the postwar Caribbean. For instance, he contends that Jagan's 1953 overthrow "crippled" chances for regional federation and irretrievably condemned Guyana to poverty. But what of Jagan's subsequent years in power, which should have given him ample opportunity to redress matters? Ultimately, though, even the clearly reluctant Horne gives the single-market, capitalist Caribbean Community credit for keeping the dream of federation alive there.

In any case, read *Cold War in a Hot Zone* more for its many archival gems than its sweeping ideological conclusions.

Gerald Loftus, a retired FSO living in Brussels, served his first tour in Barbados from 1979 to 1980, and experienced a bit of the Cold War in Grenada, then a Cuban satellite. His Web site, http://avuncularamerican.typepad.com/blog, comments on the world as seen by an expatriate in Europe.

The Conversation Continues

America's Dialogue with the World
William P. Kiehl, editor, Public Diplomacy Council, 2007 (2nd edition), $19.95, paperback, 208 pages.

REVIEWED BY
STEVEN ALAN HONLEY

Originally published in 2006, *America's Dialogue with the World* was reissued in a second edition last June. Although we inadvertently omitted the title from our most recent annual compilation of books by Foreign Service-affiliated authors, "In Their Own Write" (November 2007), we did review the book last February. Here is a condensed version of that original write-up; the full text is available at: www.afsa.org/fsj/feb07/books.pdf. (For more information about the Public Diplomacy Council, or to order the book, go to: www.publicdiplomacycouncil.org.)

The authors revisit issues of longstanding debate within PD circles.

As reviewer Kay Webb Mayfield noted, the book compiles papers presented at an October 2005 forum at The George Washington University. The essays by 12 current and former practitioners of public diplomacy are divided into "The Substance of the Dialogue" and "The Nature of the Dialogue" — essentially, the strategic and the tactical.

The authors (including editor William P. Kiehl, executive director of the Public Diplomacy Council) revisit issues of longstanding debate within PD circles: what tools are and should be in the public diplomacy toolkit; how to evaluate program results; and how to reach audiences amid an information-saturated environment that lacks many of the traditional filters separating rumor from fact. (Karen Hughes' departure as under secretary has only intensified the debate.)

Throughout the book runs the valuable but possibly provocative theme — provocative, at least, to those who believe that public diplomacy means choosing a message and sticking to it — that a dialogue has two sides, and the United States does not get to define both of them. A true exchange of views allows both parties to establish their bedrock positions, listen to the other side, ask clarifying questions and seek points of mutual agreement (or at least intersecting interests). With this in mind, several contributors make compelling cases for the "ability to listen to other visions of freedom" that may "come in different forms in different countries."

The heart of the debate over how to define and deploy public diplomacy emerges in two of the book's appendices. On one side is the Public Diplomacy Council's "A Call for Action on Public Diplomacy: Public Diplomacy in Crisis." The council would create a "U.S. Agency for Public Diplomacy" — clearly a reconstituted U.S. Information Agency — and a Cabinet-level Interagency Committee on Public Diplomacy; increase PD overseas staffing by 300 percent and program budgets fourfold; ramp up international broadcasting; and create a public-private "Foundation for the Global Future" to fund exchanges.

Five members of the Public Diplomacy Council dissent, arguing that returning that function to a separate agency "would weaken public diplomacy by separating it from policy formulation and implementation." They caution that clear priorities, and metrics for evaluating results, must go hand-in-hand with increasing staff and budget or beefing up broadcasting. And they are skeptical that public-private funding would work, as the flow of private-sector monies could be difficult to anticipate or sustain.

Both sides of the argument have merit. But questions of structure or chain of command must not overshadow the dialogue between the United States and the world that this book so usefully analyzes. ■

Steven Alan Honley is the editor of the Journal.

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Reflections

Foreign Service Moments

By Dorothy C. Shea

There are many different kinds of Foreign Service moments. The best are those we diplomats live for — when we can't believe that we are so fortunate to be in the room where history is being made, when we are privileged to know we are contributing to something larger than our immediate field of vision.

But there are also moments when the fact of being an American diplomat is accompanied by intense discomfort. This story is about those kinds of FSMs.

We all know that U.S. foreign policy is not very popular overseas these days. Part of our job is to tell our story; to give a human face to U.S. government positions — ideally one that folks can relate to, that will make the skeptics question preconceived notions anchored in knee-jerk anti-Americanism. It's quite normal in this process for locals to put us diplomats on the spot. I'm used to that.

In my experience, it usually doesn't get personal. Even the sharpest critics of U.S. policy will offer a disclaimer, like, "I disapprove of your government's foreign policy, but I have many American friends."

Sometimes it does get personal, though. Or, at least it feels like it. That happened to me once in the checkout line at a grocery store in a posh suburb of a moderate Middle Eastern country. The woman ahead of me was short the equivalent of about eight cents. I offered her some small change to make up the difference. She was about to accept it when her husband waved off my offering, saying: "We don't want your money. You have blood on your hands."

It was upsetting that my tiny gesture of good will had somehow been taken as cause for gratuitous America-bashing. It shook me up. It felt hostile.

Recently, I had another discomfiting experience. Some local friends had organized a group to see a concert by Dee Dee Bridgewater, the U.S.-born jazz singer. As always happens at live music shows, I found myself transported. I was in awe of how this incredibly talented woman was able to use her vocal cords — no, her entire body — as an instrument. I wasn't thinking about the news of the week. Indeed, it was a relief not to: This was a week that had seen multiple bombings in Iraq and the Virginia Tech massacre. I was thinking about clouds and rhythm and Paris, and how exactly does she do that?

I was brought back to earth abruptly when, during a monologue, Bridgewater lamented the sad state of affairs in the world today and hoped her music would help soothe her audience. Many nodded their heads in agreement: Yes, these are difficult times.

She continued, in an almost penitential tone: "My country" — which the expat singer then qualified as "the country in which I was born" — was largely responsible for these ills. The audience erupted in extended applause. Even some of my own friends joined in. That's the part that caught me off guard.

In that moment, something changed. No longer an anonymous part of this international audience, I was suddenly an American Diplomat in an unfriendly crowd. I tried not to notice my friends clapping, but it was not something easily overlooked. I sat, stoically gazing forward, impatiently waiting for the applause to end.

I felt like asking those who were clapping, "Do you feel better now?" Or, better yet: "Why don't you do something to help find solutions to the problems you are so eager to blame on the United States?" I know these questions have a defensive ring, so it's just as well that I asked them only in my head.

I decided not to walk out. I didn't want to cheat myself of the music that was yet to come and, frankly, I was more upset by the audience reaction than I was by the singer's cheap shot.

But I did talk to my friends about it afterward, emphasizing that I supported Bridgewater's right to exercise free speech, no matter how strongly I disagreed with what she said.

I might have added that free speech is a right that is routinely trampled in the region I now call home. I wonder if that had anything to do with the audience's reaction? ■

Dorothy Shea joined the Foreign Service in 1991. She has served in Tunisia, Israel and South Africa, as well as at State and the National Security Council.