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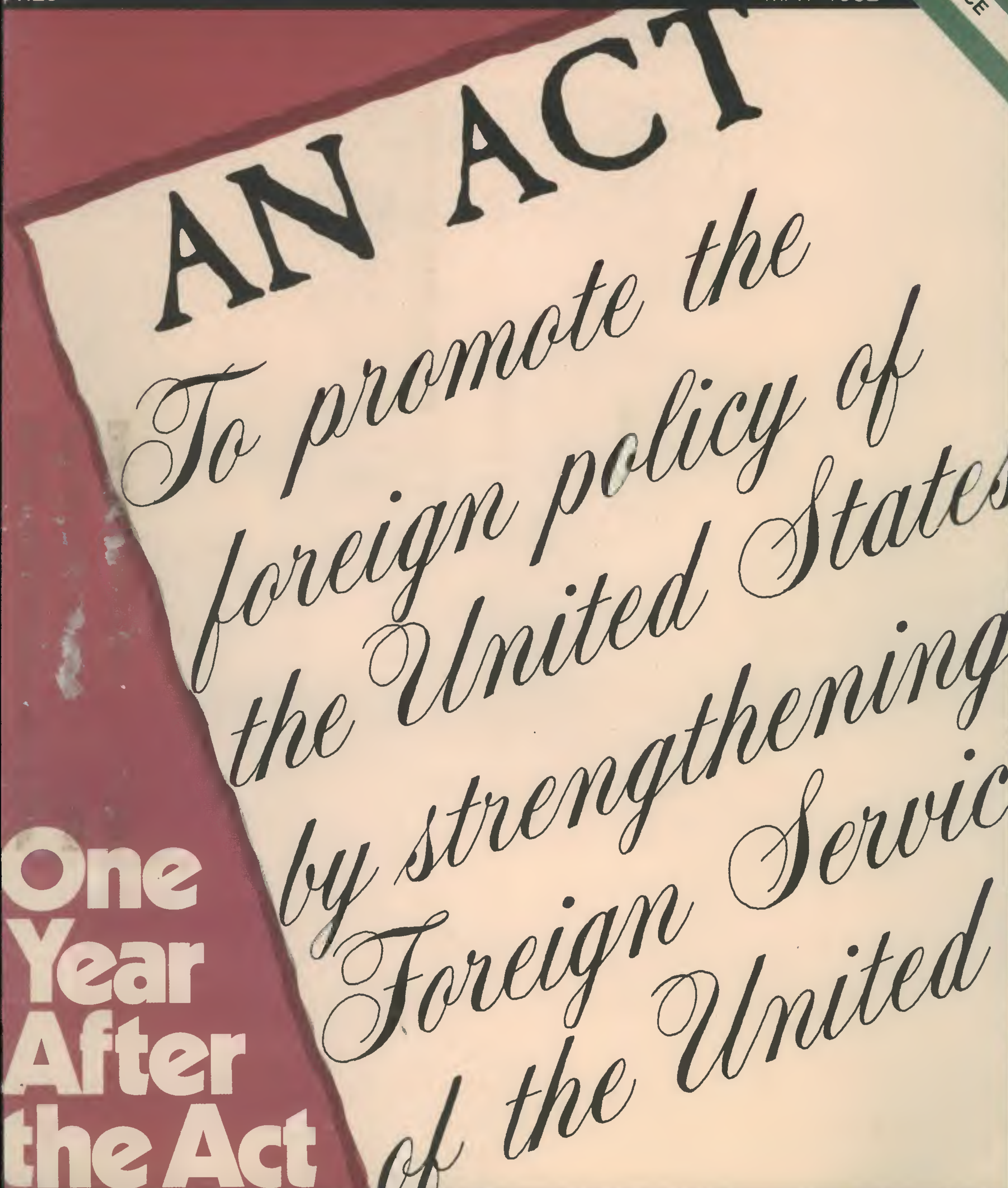

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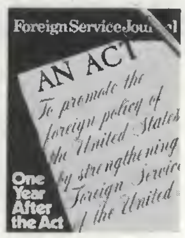

COVER: *The Foreign Service Act of 1980, successor to the acts of 1924 and 1946, rendered in the Spencerian script practiced by Thomas Jefferson, Benjamin Franklin, and other founders of our nation and its Foreign Service. Calligraphy by Mark C. Killmon. Our three-part roundtable of opinions on the act's first year of implementation begins on page 26.*

The *Foreign Service Journal* is the magazine of professionals in foreign affairs, published 11 times a year by the American Foreign Service Association, a non-profit organization. Material appearing herein represents the opinions of the writers and does not necessarily represent the official views of the Department of State, the International Communication Agency, the Agency for International Development, the United States Government as a whole, or AFSA. While the Editorial Board is responsible for general content, statements concerning the policy and administration of AFSA as employee representative under the Foreign Service Act of 1980 on the editorial page and in the Association News, and all communications relating to these, are the responsibility of the AFSA Governing Board.

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More than a Half Century of Service to the Foreign Service

ARE YOU INFORMED ABOUT HEALTH INSURANCE?

Although recent events and their comprehensive coverage in the *Washington Post* have created a new awareness of the subject, it is clear, from correspondence we receive, that Foreign Service people, especially annuitants, are generally not very well informed about their health insurance. Before addressing the questions most frequently asked, let us begin with a simple explanation of the Federal Employees Health Benefits Program (FEHBP).

Background — The FEHBP, established by law effective July 2, 1960, provides for a subsidized health insurance program for Federal employees, annuitants, and their dependents. The program is administered by the U.S. Office of Personnel Management (OPM) which is the successor to the Civil Service Commission. In the interest of avoiding anything that resembled the national health programs that exist in some countries abroad, Congress deliberately worded the legislation so as to encourage competition among both the carriers and the underwriters. As a consequence, there are more than 120 FEHB Plans that provide health benefits insurance for more than 9 million people. Many of the Plans, such as the Foreign Service Benefit Plan, limit enrollment to a certain group of people. But, Blue Cross/Blue Shield and the Aetna Plan are available to all Federal employees and annuitants. Indeed, the former insures more than two-thirds of all the people in FEHBP.

How is the Insurance Funded? The FEHB Plans are heavily subsidized (as much as 75 percent) by the Federal Government. For example, in the case of the Foreign Service Benefit Plan, the total monthly premium paid to the underwriter for *With Family* coverage is $150.22. The Government pays $86.53; the enrollee pays $63.69. In the *Self-Only* category, the total monthly premium is $55.34. The Government pays $37.62, the enrollee pays $17.72. In the case of the Blue Cross/Blue Shield high option plan, the Government pays $86.53 and the enrollee pays $90.49 a month for *With Family* coverage. For *Self-Only* coverage, the Government pays $37.62 and the enrollee pays $42.76.

How Are Benefits and Premiums Determined? The benefits in each of the FEHB Plans are determined by the carrier (in our case, the Association) working closely with the underwriter (in our case, Mutual of Omaha) and negotiated annually with OPM. The underwriter's price tag for each benefit is based on experience tables. Determination of the net-to-carrier premium is part of the negotiation process. The U.S. Government's share of the premium is determined by a formula established by law. The enrollee's share of the premium is the difference between net-to-carrier and the Government's share.

The final product of the negotiations is an amended contract whose two essential elements are (1) *a revised brochure* and (2) *a rider* establishing the premiums for the contract year. The brochure is the "bible" that the underwriters use to determine their liability. You may be certain that an underwriter will not pay anything that is specifically excluded in the brochure. To do otherwise would invite financial disaster and jeopardize further participation in government subsidized insurance programs.

Not only does OPM have the authority to decide what the U.S. Government will or will not allow to be included in a Plan, but also, it can place a limit on the premium amount, as it did this year. This puts a damper on the carrier's ability to provide benefits that would otherwise be approved by OPM. Many of the exclusions that are shown in the brochure are dictated by OPM. This year, we were instructed to exclude coverage for abortions, and those Plans that did not challenge this in court do indeed have such exclusion in their 1982 Plan. We do not.

What Caused the Dramatic Changes in the 1982 Plan? Simply put, it was a case of applied Reaganomics. The FEHB Program is an entitlement program, and the current administration is committed to putting a lid on all such programs. The Federal Government, acting through OPM, set a limit on the amount it was willing to contribute as its share of the premium. As can be seen, from the numbers cited above, the U.S. taxpayer is paying huge amounts of money in support of our health insurance. OPM, presumably acting under White House instructions, wishes to transfer a larger share of the burden to the enrollees.

Exactly What Did Happen? On two separate occasions, all of the carriers were instructed to increase deductibles and co-insurance (that portion of a medical claim paid by the enrollee) and, if necessary, reduce benefits in order to keep premiums within limits prescribed by OPM. No plan was left unscathed. We took to the courts to challenge OPM's authority to do what it did. We won in the U.S. District Court; but the decision was overturned in the Appellate Court.

How and Why Did You Decide to Make Specific Changes? Our first concern was to maintain a comprehensive, well-balanced plan that preserved what we consider to be its most essential benefits, such as Protection Against Catastrophe, and retained as much as possible of our excellent hospital insurance and mental and nervous disorder coverage.

After we had raised the deductible as high as we dared, increased the co-insurance, tacked on a hospital admission surcharge and were still short of OPM's mark, we had no choice but to dip into existing benefits. In targeting benefits for reduction, we had to keep a constant eye on *balance*. A plan that far exceeded other Plans in some areas of coverage and was markedly inferior in other areas, would not really meet the needs of the Foreign Affairs Community. Moreover, an unbalanced plan would invite "adverse selection," i.e. people anticipating claims in an area where we were far out in front of the pack would flock to us at the next Open Season; people looking for more balanced benefits across the board would leave us. This could affect our ability to remain viable.

Why the Difference in In-Patient and Out-Patient Surgical Benefits? It is meant to discourage expensive hospitalization costs when surgical procedures can be performed effectively, safely, and appropriately on an out-patient basis. Moreover, in-patient surgical procedures involving more than two or three weeks of hospitalization would most likely trigger off our Protection Against Catastrophe Benefit. Therefore, the out-of-pocket expenses would be limited.

Just How Does Your Protection Against Catastrophe Benefit Work? Unlike most other plans that establish an "out-of-pocket" amount after which the plan picks up all or most additional costs up to either an annual or a lifetime cap, our Protection Against Catastrophe Benefit goes into effect when a total of $10,000 of allowable expenses have been incurred in a calendar year by an individual under the *Self-Only* enrollment or by an individual and all covered dependents under the *Self and Family* enrollment. There is no annual or even lifetime limit. It does not matter whether any part or even all of the $10,000 was paid by the Plan on behalf of the member. And there are certain sets of circumstances where the $10,000 limit could indeed be reached without any enrollee out-of-pocket expenses. In fact, it would take a rather unusual set of circumstances to create a situation where an enrollee's annual out-of-pocket outlays for allowable expenses exceeded $2,000.

Why is the Premium for a 60-Year-Old Couple with no Dependent Children the Same As That For A Large Family? One might also ask why does a healthy 25-year-old pay the same premium as an ailing 70-year-old? The answer to both questions is the same. Group insurance is based on a sharing of risks and costs for the greater good of the entire group. By the way, statistics indicate that a couple in their 60's account for a larger amount of claims paid than a young couple with three children.

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LETTERS

Challenging *Missing*'s 'Defamatory' Allegations

We, the undersigned, are addressing you on behalf of a number of diplomatic, consular, and military officers who have been defamed in the recent Costa-Gavras film *Missing,* now showing throughout the United States. Our hope is that this letter will move you, the reader, to make a contribution—large or small—to the "Plaintiffs' Anti-Defamation Fund re *Missing*" in a lawsuit we are undertaking to sue Universal Studios, Costa-Gavras, and the author and publisher of the book on which the film is based.

The film makes two central allegations. The first is that U.S. officials went to Valparaiso/Viña del Mar, Chile, and plotted, organized, and took part in the September 11, 1973, coup—which was touched off on the coast and culminated in the bombardment of the Moneda Palace and Salvador Allende's death in Santiago. The second allegation is that Charles Horman learned of this alleged U.S. involvement and was murdered with U.S. complicity because of this knowledge. At one point in the film a Chilean police officer in refuge tells Charles Horman's father that his son must have been killed, with the U.S. embassy's having co-signed "the kill order." The statement at the start of the film alleges that it is based on a true and documented story.

So far as involvement by U.S. officers in plotting the coup in 1973 is concerned, the Church Committee, which had access to the CIA's and the U.S. government's most closely guarded files, concluded that it could find no evidence to support the allegation. The November and December 1978 *Foreign Service Journals* carry a two-part article addressing this question. So far as complicity in Charles Horman's murder is concerned, the Horman family initiated a suit against 11 U.S. officers. After massive discovery over more than three years, the suit was dismissed at the plaintiffs' request because they were unable to present evidence to support their allegations. By then the secretaries of state and defense and the CIA director had provided all documentation bearing on the case from their classified and unclassified files and had certified to having done so.

AFSA has repeatedly deplored the besmirching of the reputations of dedicated consular and diplomatic officers who tried to find Charles Horman and obtain his release. The Department of State issued a press statement on February 9, 1982, defending U.S. officers' "intensive and comprehensive efforts to locate Charles Horman from the moment it was learned that he was missing."

Unfortunately, the tide of allegation and defamation has swept before it the efforts of AFSA and the department to set the record straight. Take the *Wall St. Journal* of February 5, 1982: "For Ed Horman this adds up to a shocking and persuasive proof not only of U.S. involvement in the Chilean coup but for American complicity in his son's death." The *Boston Globe* of February 7 says: "Costa-Gavras dramatizes the collusion between American diplomats and the local military establishment." Richard Threlkeld of CBS News calls the book (and this appears on the cover of the paperback): "A fascinating spy tale of love, mystery, and murder that is all the more remarkable because it is true. It is must reading for everyone." We could quote page after page of similar statements—along with some more balanced press commentaries. The paid advertisements of the film are boasting, however, that it is "the picture the whole country is talking about," and we believe that legal action is the only hope we have of establishing the falsity of the allegation that U.S. consular and diplomatic officers were instigators or accomplices in the murder of an innocent American citizen. We believe this issue is of importance to the whole Foreign Service.

Even with legal representation on a contingency fee basis, the expenses of a suit will necessarily run into a five-figure-sum—and we still don't know how high a figure it will be. None of us committed to this effort is a person of private means. All of us are contributing what we can, and some personal friends and friends of the Foreign Service have been generous. But we still are short of even half the estimated minimum expense fund we need. If you, the reader, want to help, please send a contribution to "Plaintiffs' Anti-Defamation Fund re *Missing*" or send it personally to one of the undersigned at the following address:

c/o Kessler
3716 Thornapple St.
Chevy Chase, Maryland 20815

We shall be grateful, and we believe

that the good name of the U.S. Foreign Service will, in some measure, be defended.

Nathaniel Davis
State Department Adviser,
Naval War College
Ambassador to Chile 1971–73

Judd L. Kessler
Assistant General Counsel (Near East)
Acting Director, AID Mission 1973–74

Frederick D. Purdy
Consul General, Seville, Spain
U.S. Consul, Santiago 1970–74

More on Sam's Cousins

I commend Marjorie Smith for her article about our loyal Foreign Service nationals [Working for Cousin Sam," February]. Some time ago I wrote to the State Department, suggesting that a scholarship fund be established for the talented children of our FSNs. The reply was that there would be little if any interest in such a project because of increased education costs and inflation in the United States—the precise two reasons why our FSNs need educational assistance in many parts of the world today!

Through combined local efforts, I managed to arrange a scholarship for the daughter of one of our most dedicated and resourceful FSNs. The Association of American Foreign Service Women might consider setting aside a portion of the Book Fair proceeds for scholarships for other bright and deserving FSN offspring. I would be happy to help administer the program.

Jewel Fenzi
Recife, Brazil

¡Enhorabuena!

A brief message of approval for the continuing excellence of the content and presentation of articles in the Journal during the year past: proper expression of the best in the reputation of our professional Foreign Service.

With the many discouragements encountered in the Foreign Service during the decade past since my retirement, it is heartening to have this reassurance of the basic excellence of the career men and women in our professional association.

¡Enhorabuena!

Wayland B. Waters
Executive Director,
Pan American Society
San Francisco, California

BOOK REVIEWS

Saudi Realities

SAUDI ARABIA IN THE 1980s: *Foreign Policy, Security, and Oil, by William B. Quandt. Brookings, 1981.*

Quandt's clear language and presentation of facts and his precise analysis illuminate Saudi realities at a time when we most need to understand that country. To the layman who saw AWACS as the victory of an oil superpower instead of as the result of a U.S. effort to counterbalance communism and the related Iranian problem, the book will come as a shock because Saudi Arabia is correctly seen as a country very reluctant to influence American opinion directly or even stand at center stage in the Arab arena. Why? The answer is at the heart of the book, where the web of geographic, religious, and political limitations is carefully examined. Limited manpower, an isolated position, powerful enemies on its borders, radicalism in the Arab world, and Saudi Arabia's conservatism — all these are potential sources of danger to the kingdom, whose stability means so much to the Western world. "No serious threat has ever been aimed at occupying the oil fields, toppling the Saudi government, or trying to blackmail the Saudis through sabotage of the oil facilities . . ." Quandt remarks. As he puts it, given the country's weaknesses and the presence of a resource "conservatively valued in current dollars at over $5 trillion, this is remarkable."

The book begins by introducing the reader to each threat to Saudi security and shows those threats through Saudi eyes, a very difficult task. The Arab world and the Palestinians come first. Here there is an excellent discussion on the rise of the radical Arab movements and how Saudi Arabia copes with them. For example, dollar diplomacy at the 1967 Khartoum conference blunted Nasser and is now used in Iraq to help a regime with which the Saudis have little in common from a Western point of view. Yet, the Saudi dollar has never purchased love or respect, only tolerance and influence.

One of the most important contributions of Quandt's book is his analysis of the relationship of the Saudis with the Palestinians. The Saudis believe that the PLO is the sole legitimate spokesman for the Palestinians and the "establishment of an independent Palestinian state would go far to satisfy the demands of most Palestinians." This is a critical point. Too often the rather condescending opinion is given that Arabs support the PLO merely as a way of drawing attention away from their own problems. While that is true to a degree, support for the PLO runs deep in the Arab world, as it surely does among the Palestinians. The great majority of Arabs accept the proposition that there is no other credible spokeman for the Palestinians. Contrary to the Israeli view, Quandt sees Saudi support for the PLO, particularly Arafat's moderates, as a vote for Arab stability. This is despite the fact that Arafat and Khalid al-Hassan, though personally close to Saudi Crown Prince Fahd, are their own men. The Saudis clearly believe that the creation of a Palestinian state would not give birth to an irredentist pro-Communist dagger; rather, it would have a calming effect on the stormy inter-Arab environment. They believe it is the Israeli occupation of the West Bank and Jerusalem, coupled with almost uncritical Western support, that gives an excuse, indeed a reason for Communist adventurism and instability, two elements that deeply Islamic and monarchical Saudi Arabia fears.

There are three major books on Saudi Arabia on the stands now: *The House of Saud* by David Holden and Richard Johns, *The Kingdom* by Robert Lacey, and *Saudi Arabia in the 1980s* by Quandt. Quandt's book is clearly the best and most readable.

—LARRY W. ROEDER JR.

Judgments and Gossip

THE KENNEDY IMPRISONMENT: *A Meditation on Power, by Garry Wills. Atlantic–Little Brown, 1982. $14.95*

Garry Wills, who has written well-received studies of Richard Nixon, the Catholic Church, the Declaration of Independence, and the Federalist Papers, has turned his attention to the Kennedy family in his latest effort. The result is a curious book which mixes, in equal parts, shrewd judgments about the manner in which the Kennedys operate with recycled gossip about the seamier aspects of family members' personal lives.

Wills attempts to provide, as he did in his book on Nixon, the intellectual and ideological background to the Kennedy presidency and the vaunted Kennedy style

in politics. He begins with a survey of the Kennedy family's rise to wealth and power under the aegis of family patriarch Joseph Kennedy. Much of what appears in this section of the book will be familiar to readers, but some of it raises questions about Wills's judgment as an historian. He is indiscriminate in his willingness to give credence to any bit of gossip which does damage to the myth of Camelot, no matter what the source. No attempt is made to weigh the evidence judiciously and Wills does not make clear on what grounds he accepts all of the gossip—some malicious, some not—which he cites in the book.

Despite this weakness, however, Wills is convincing in portraying the "founding father" resolutely attempting to insulate his family from the outside world and preparing his sons for higher office. Joseph Kennedy's desire to protect his family from the quotidien tasks facing most citizens is borne out by a conversation (not cited by Wills) recorded in the Henry L. Stimson diary at Yale University. Kennedy told Stimson that he was haunted by the thought that he had not made enough money to allow his children to live independently. Wills contends that it was Joe Kennedy's determination to free his children from the normal constraints of society and the family ethic stressing that talent and will power can overcome all problems that produced Jack Kennedy's distinctive approach to the presidency.

Wills is by inclination an intellectual historian, and the best parts of his book deal with the myth of Jack Kennedy's intellectual achievements. He demonstrates that Kennedy was only nominally the author of *Why England Slept* and proves that *Profiles in Courage,* for which then Senator Kennedy won the Pulitzer Prize, was in fact co-written by Georgetown historian Jules David and Kennedy-staffer Ted Sorensen. Wills is less successful in showing any connection between the Kennedy style and specific policy outcomes. His discussion of the Bay of Pigs incident makes clear that Kennedy should bear more of the onus than Eisenhower, but his attempt at a psychobiographical explanation in which Kennedy attempts to out-macho Fidel Castro is not credible. His revisionist account of the Cuban missile crisis is totally unconvincing and rests essentially on the notion, expressed early in the crisis by Robert MacNamara and then repudiated, that "a missile is a missile and it doesn't matter whether it is five minutes or thirty minutes away." Most readers will reject that contention and reject the judgment that Kennedy's policy was an unnecessary macho outburst.

The ultimate irony of this occasionally caustic revisionist account of the Kennedy family in politics is that in attempting to tarnish the Camelot myth the author has fashioned a backhanded apologia for the last of the Kennedy brothers, who emerges as the most attractive and human member of the family.

—Eric Edelman

Dominican Take-off?

The Dominican Republic: *A Caribbean Crucible, by Howard J. Wiarda and Michael J. Kryzanek. Westview Press, 1982. $14.*

The Dominican Republic provides a case study of a country with the potential to emerge from the Third World, but with social and demographic problems that will make this difficult. This brief book by Wiarda and Kryzanek provides a competent overview of specific Dominican issues as well as some insights into general problems of development.

Like many Latin American countries, the Dominican Republic is heavily dependent on the United States, both as a major trading partner and for development aid.

Friendship between the countries is largely between governments; the United States attitude tends to be avuncular. The role of the United States as *patron* is based on a vast range of levers with which to manipulate the country. Dominican politicians, in turn, have learned to manipulate the United States. The American presence has altered its forms since the days of military occupation (1916–1924 and 1965) but it still remains a strong one.

The book concludes with a cautiously optimistic outlook for a period of economic progress and political stability. To quote the authors:

> If the key to breaking out of the interlocking vicious circles of underdevelopment is to attack all of them simultaneously, to modernize the economy while also diversifying, to reduce dependency while also recognizing international realities, to solve social problems while also building up capital for investment, and to institutionalize political democracy, but to do so in accord with indigenous values and practices, then the Dominican Republic in the last years seems to have come a considerable distance.

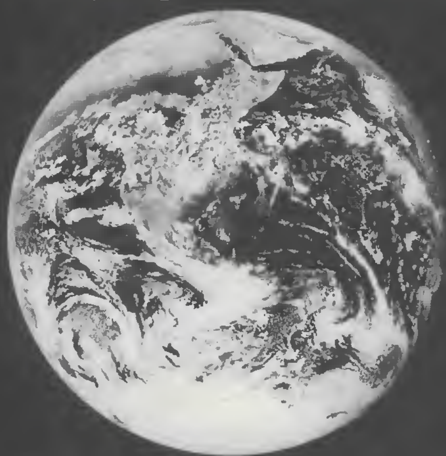
—CHARLES R. FOSTER

Lodge the Idealist

HENRY CABOT LODGE AND THE SEARCH FOR AN AMERICAN FOREIGN POLICY, *by William C. Widenor. University of California Press, 1980. $19.95.*

Mention Henry Cabot Lodge and many picture a bitter old man, the leader of the "irreconcilables," that fanatical "little group of willful men" who kept the United States out of the League of Nations, thereby encouraging Axis aggression and causing World War II. The hardy must-have-been method of historical analysis, over-used by Wilsonians, has contributed mightily to this unjust appraisal of Lodge: If Wilson represented moralism, idealism, and internationalism, then his fierce opponent Lodge must have been an isolationist, a realist (in the derogatory sense), and less moral.

Untrue, says William C. Widenor in this careful, balanced, thoroughly researched examination of Lodge's thinking on foreign policy during four decades of public life. The real Lodge was just as idealistic as Wilson. Moreover, he was hardly an isolationist. Like his close friend Theodore Roosevelt, Lodge helped bring about territorial expansion in the 1890s. He was never squeamish about armed intervention, whether in Cuba in 1898 or in Europe in 1917. Like Wilson, he believed that the United States should play a leading role in world affairs. The two men



differed, however, over the form of that commitment and the techniques for carrying it out.

Lodge thought that any American foreign policy should take into account the peculiarities of policy formation in this country, where the reigning ideology made it easy to issue "sweeping promises in the name of great universal principles" but nearly impossible to fulfill the pledges. What Widenor calls the "Roosevelt solution," partly shaped by Lodge and implemented during Theodore Roosevelt's presidency, largely avoided such hypocrisy by aligning diplomatic words and deeds, by delivering what was promised. Consistent policy and the military power to back it up were, in Lodge's view, indispensable to diplomatic success.

To Lodge, Wilson's vision of the League was unworkable, and therefore destructive of U.S. credibility. In a crunch, the American people would refuse, Lodge suspected, to send troops under Article X of the League Covenant, whether or not the article was made legally binding. Either way, the United States would fail to live up to a promise. Subsequent U.S. commitments would be called into question. Lodge did not, according to Widenor and most recent writers, oppose membership in the League solely because he hated Wilson, although personal animosity accentuated the political differences between them. Widenor concludes that Lodge's so-called crime may only have been to foresee the neutralist attitude his countrymen would assume in the 1930s.

The League battle will occupy most readers, but Widenor also examines Lodge's early career. The two chapters on the 1890s represent about as good an analysis of the expansionist mind as there is in print. And Widenor casts light on Lodge's little-understood role in designing T.R.'s "Big Stick" foreign policy. Though not light reading, the book is well-written and superbly edited. It will please anyone interested in one of the most important and fascinating figures in American diplomatic history.

—WILLIAM MICHAEL MORGAN

Commercial Opinions

THE ROLE OF EMBASSIES IN PROMOTING BUSINESS: *A Symposium, edited by Martin F. Herz. Institute for the Study of Diplomacy, Edmund A. Walsh School of Foreign Service, Georgetown University, 1981. $4.50.*

This volume is a compilation of the opinions, experience, and recommendations of 19 experts from government, business, and the research community on the effectiveness of U.S. embassies in carrying out their commercial responsibilities. The book will be interesting reading for anyone concerned about the economic and commercial functions.

All contributors agreed that promoting U.S. exports and serving American business are primary functions of our embassies. As a group, business was critical; each business representative cited bad experiences with embassy contacts and examples of wasted effort, excessive bureaucracy, and poor preparation by the commercial section staff. Some praised the missions of other countries, especially the French and Japanese, who earned high marks for their close government-business working relations and the skillful use of diplomacy to further their countries' commercial interests.

Most business representatives agreed with George A. Von Peterffy, vice president of General Telephone and Electronics, that businessmen need "not commercial information but political information, not trade promotion but political leverage, not help from a commercial officer but action from the ambassador." Thomas J. Ryan, president of Pullman Kellog, concurred that "ambassadors are very important, influential people" and their support and "the capability of the economic and commercial staff are essential to the successful effort of any embassy in promoting business."

All career Foreign Service contributors took the position that embassies have done a fairly good job handling business requests. Although they recognized many of the same shortfalls as business, the government officials generally downplayed the role of ambassadors and instead stressed that business is not sufficiently aware of the wide range of commercial services which embassies provide.

Business and government participants alike indicated that there was a need to broaden the scope of assistance traditionally offered to business. Anthony Geber, former AID and State officer, complained that "embassy commercial objectives give highest priority to trade promotion, but American business overseas is more interested in investment promotion and protection, a subject more complex and in which the role of the embassies is more circumscribed."

As former Director General of the Foreign Commercial Service Erland H. Heginbotham pointed out, business and government have often been at loggerheads and have not cooperated fully in expanding business opportunities overseas. Lack of concerted business-government action on occasion has resulted in foreign competitors picking up choice commercial deals.

As both business and academic criticism of commercial work make clear, government and business need to improve communication and cooperation. The symposium revealed that government has not been meeting the needs of business. Business feels short-changed without the personal involvement and support of the ambassador. Improving the commercial function requires a total mission effort as it involves cooperation of each sector and at all levels. As this book clearly implies, the attention of the ambassador is crucial to the success of efforts to improve the commercial function.

—Gilbert J. Donahue

Cruise Missile Reality

Cruise Missiles: *Technology, Strategy, Politics, edited by Richard K. Betts. The Brookings Institution, 1981. $32.95 cloth, $15.95 paper.*

Since its emergence into military prominence a decade ago, the unmanned, jet-propelled cruise missile has enjoyed a reputation for extravagant capabilities. To those concerned with the United States' relative military decline, the cruise missile has seemed an almost miraculously cost-effective way to outgun the Soviets, the quintessence of the technological end run. Arms controllers have deplored the easily-hidden missiles as the doom of verifiable limits on nuclear weapons, yet welcomed them as replacements for the costly B-1 bomber and the "prompt counterforce" MX missile. Enthusiastic military technologists and budget-cutters even saw them as eventual replacements for manned aircraft and the *coup de grace* for the vulnerable carrier battle group.

If the past decade of redirected cruise missile programs and vacillation on deployment decisions has not persuaded you that the reality of cruise missiles is both more confused and considerably duller than these claims would suggest, *Cruise Missiles: Technology, Strategy, Politics* will. Editor Richard Betts of the Brookings Institution has assembled a highly qualified group of analysts, each addressing a different dimension of the cruise missile issue: technical characteristics, costs, strategic, theater, and tactical missions, the history of U.S. cruise missile programs, Soviet air defense, arms control, and domestic, Allied, and Soviet politics.

Many will take it as symptomatic of the United States' confusion about the uses of military power that this is a book about a military technology rather than about a military mission or strategy. Indeed, a principal finding of the book is that vagueness about what cruise missiles can and should be used for has existed ever since the present version of the missile emerged at the dawn of the 1970s. Betts and most of his authors argue that cruise missiles have acted like a mirror, reflecting their observers' wishes and prejudices rather than technical and operational reality. In fact, the authors hint strongly that the missiles, while half good at just about everything, are not overwhelmingly good at anything. In the nuclear role, for instance, the relative cheapness of the missile is offset by the cost of the platform—airplane, truck, or submarine—from which it is launched. Nor is its contribution to targeting unique or compelling: the cruise missile's "counterforce" is not "prompt," its precision accuracy is wasted on soft targets like cities and military bases, and the numbers planned for deployment are not so great as to satisfy the targeters entirely.

Besides the intrinsic complexity of defining cruise missile missions, an interesting chapter on "The Domestic Politics of Cruise Missile Development" argues that politics within the military services conspired for years to prevent a focused analysis of cruise missile missions. Only those unfamiliar with military matters will be surprised at the charge that the military services do not always jump at a new weapon technology but, in the case of cruise missiles, had to have it forced upon them by civilians stretching back to Secretary of Defense Melvin Laird. The result was some delay in cruise missile development, but also perpetuation of the "weapon for all seasons" reputation the services feared.

In view of its length and detail, the appropriate audience for this book would seem to be the serious, rather than casual, reader. Technical discussions start at a level accessible to all and appear adequately accurate to this reviewer. Considering the book's 16 authors, editor Betts has done a good job of keeping repetition to a minimum. The idea of carefully subdividing a difficult defense issue like cruise missile missions and compiling self-contained essays on each subtopic into one volume has led to good results in this case, and one hopes to see more books like this one. One omission is a comparative dimension, arraying the cruise missile against other weapons technology developments of the past (e.g., the MIRV) and perhaps making predictions about the course of the future technologies (e.g., high-energy lasers) alleged to have miraculous powers.

The real shortcoming of this book—and it is a serious one—is that the reader emerges much more wary of extravagant claims in favor of and against the cruise missile, but not much wiser about what the appropriate roles for cruise missiles really are, nor how to use the cruise missile lesson to approach future military technologies. Betts's lengthy introduction and conclusion might have provoked reflection in a way his authors, in the main, do not, but in both Betts simply repeats the conclusions of the separate chapters. Without a capstone, the book is in danger of ending up as just an analysis of a technology rather than a treatment of a military problem—a symptom itself of the malaise it describes so well. Still, to ask more of this comprehensive book would be to ask a great deal, and it is sure to have a long and useful life.

—ASHTON CARTER

Essential Sourcebook

OPERATING INTERNATIONALLY, *by Carl Bartz. American Society of Association Executives, 1981.*

National boundaries are fading: Techniques developed in Europe may be valuable in the United States, a manufacturer in East Asia may be as much a competitor as one in Ohio, and Third World countries are becoming more important as markets for U.S. goods and services. Many American associations—groups as diverse as concrete manufacturers, savings bank executives, and accountants—are discovering the advantages of developing links with similar businesses in other countries.

Operating Internationally is an excellent guide for those association executives, or anyone else, considering a move into the international arena. Bartz, a veteran Foreign Service officer, gives practical advice on starting an international venture and on developing cooperative relations with officials (including members of the Foreign Service) both here and abroad. The book is chock-full of trenchant observations on the way the federal government works. The most valuable service Bartz performs in this book, however, is the identification of numerous individuals and organizations who can provide information and assistance. Just about everything is listed, from whom to call for what in the State Department to an organization that will mail items overseas cheaply and quickly to another group dedicated to improving cross-cultural understanding. In short, this is an essential sourcebook—brief but comprehensive—not just for associations, but for anyone concerned with international operations.

—F.G.B.

More Political Ambassadors?

Many problems and new situations confront AFSA at this time, but a particularly hardy perennial, the appointment of non-career ambassadors, is once again getting a lot of publicity. Although AFSA has sought to keep the issue alive by drawing attention to the very large number of political appointments made by the Reagan administration, the topic received a new blast of publicity following the publication in the April *Foreign Service Journal* of Ambassador Malcolm Toon's vigorous and forceful presentation of his views. Many papers drew on Ambassador Toon's article and much of the comment was encouragingly supportive of his outlook. Most of the newspaper, radio, and TV reporters took positions which recognized the validity of Ambassador Toon's position. They accepted the obvious need for our country to be represented abroad by competent professionals. It has been disturbing, however, to read in the *Los Angeles Times* the comments of White House Personnel Director E. Pendleton James, who was quoted as stating that the question was not whether there were too many political appointees but whether there were too few. Mr. James ridiculed career FSOs as timid and self-serving and stressed that "Access [to high administration officials] is everything and career officers don't have it."

The *Los Angeles Times* followed the foregoing report with an editorial endorsing the career concept and describing Mr. James's views as "bizarre," noting that answering calls from free-wheeling diplomats might not be the best use of the Secretary of State's time. As we go to press we expect that the next skirmish on this issue will take place later in April when the Senate Foreign Relations Committee will hold hearings on Senator Charles McC. Mathias's (R.-Md.) proposal to limit the number of political ambassadors to 15 percent. Senator Mathias reviewed the question of political ambassadors and outlined his proposal in a thoughtful article which also appeared in the April *Journal*. Naturally, AFSA supports the Senator's plan and will be testifying to that effect, but these hearings will also be important as an opportunity for supporters of the Foreign Service to reaffirm their view of the important role career officers should and must play in creating and implementing American foreign policy. □

Rescuing AID

It Is Time for AID to Make a Strategic Retreat—Into the Department of State

By WILLIAM SOMMERS

In 1961, amid the promise of Camelot, Congress authorized the establishment of the Agency for International Development. Lodged as an independent unit within the Department of State, AID consolidated several scattered foreign assistance programs into one agency. To ensure its success, President Kennedy appointed Director of the Budget David Bell—a respected economist and experienced public servant—as administrator. With congressional support, the backing of a fast-paced administration, plenty of money, and Bell's adroit leadership, the agency looked forward to the 1960s as the decade of development, when the Third World, under U.S. guidance, would move into a golden age of economic and social well-being.

Twenty years later the challenge remains but the effort has bogged down. The present discontents surrounding foreign assistance belie that early promise. The road to development has turned out to be a craggy trail along a volcanic escarpment; congressional support has changed to antagonism, and the landscape of development has been converted into a battleground where trench warfare is the rule. Agency survival, not development, is at stake. So difficult has the development trail become that AID operated from 1979 to 1981 without an appropriations bill. Even the current bill, produced largely by AID's sworn enemies, resulted more from a need to preserve the flow of arms under security assistance than from a commitment to economic and social development. In addition, funds are being chopped off or diverted from real development needs to purchase a Mideast settlement.

William Sommers just retired from his position as Foreign Service development officer. After joining AID in 1963, he served in Thailand, Vietnam, and the Philippines, as well as in Washington. He is now city manager of the New York suburb Englewood, New Jersey.

Troubled Agency

Recognizing the deep trouble in which the agency is immersed and the rising chorus of discontent, President Reagan has appointed as agency head, not a savant of impeccable qualifications, but M. Peter McPherson, a hard working lawyer-administrator. And rightly so. AID's present stature is too low to be raised merely by the addition of a prestigious leader: it needs someone skilled in bureaucratic battling and rearguard action to maintain even the weakened status quo.

Unfortunately, it may be too late for an eleventh-hour rescue. After two decades of incessant reorganization, constant harrassment by well-wishers and critics alike, and step-child treatment by an unhappy Congress, AID is exhausted. Even the most dedicated, diligent administrator will be sorely pressed to put the edifice back in shape, revive its spirit, and redirect its effort. Today, AID stands accused of simultaneously supporting dictators, consorting with leftist revolutionaries, and abandoning the poor. It is charged with wasting the national treasure while producing few results, thwarting the growth of private initiative in the Third World, and meddling in foreign policy. The agency's ability to focus on development objectives has been reduced to written justifications filling page after page of printed congressional hearings. More and more it appears that AID's most lasting product will be development prose, not development action.

Although AID is in deep trouble it is likely that the concept of foreign assistance will survive the present discontents. But how and under what circumstances? While the agency as an organization is no longer capable of or necessary for preserving that concept—it might in fact hasten the final end—AID could be salvaged in a form that would reduce its fatal exposure and yet preserve the operational idea of foreign assistance.

AID should be folded into the Department of State, not as an autonomous unit, but as one of State's operating bureaus. By this maneuver the agency's organizational vulnerability would be reduced, its symbolic nature maintained, and a foreign aid commitment protected within the framework of foreign policy administration. The prospect may be anathema to many AID professionals, appalled at the idea of a shot gun wedding. State's Foreign Service corps might look askance as agriculturalists, program officers, and health experts come trooping into its halls. But there are few options left these days. Nearly all possible combinations have been tried, with uniformly poor results.

AID began to run into serious trouble early in President Johnson's first term. The Senate Foreign Relations Committee, expressing J. William Fulbright's (D.-Ark.) concern over the extent and use of foreign aid, asked Johnson to consider yet another foreign assistance reorganization. The president trotted out the usual high-level study committee, rejected its initial proposal to put AID into State and, at the same time, resisted a break-up of the organization. He settled for a "tightening up" of the existing operation, a strategy that has now become a tradition.

After the Vietnam intervention moved into high gear, AID became the vehicle for saturating the countryside with development assistance in an effort to lessen the appeal of the Vietcong. But when the reaction set in against U.S. involvement in Vietnam, AID became one of many scapegoats. Funds were lopped off, personnel drastically cut back, and operations put into a holding position. Congress imposed additional controls and AID, agreeable to the end, designed enormously complicated procedures covering everything from project identification to financial reporting. Its troubles have not ceased since.

Bulging Legislation

Chief among the agency's disabilities is the legislation under which it operates. Bulging now to some 240-odd pages, the Foreign Assistance Act of 1961 and its accumulated amendments strike at the heart of AID's operational vitality by draping it with admonitions, restrictions, constraints, exhortations, and controls. Everyone who has an ax to grind with AID has the handle for it somewhere in the legislation. Critics who rail against the agency's wasteful habits and its subverting of the free market are represented by controls imposed on project obligations, expenditures, and contract approvals. Others who castigate AID as the harbinger of despots and the prop of undemocratic regimes find comfort in Title IX's emphasis on securing community participation in development projects. Those who are convinced that AID does nothing for the poor are bolstered by the 1973 congressional mandate ordering the agency to focus on basic human needs. One involved section of the act is intended to placate the voluntary agencies, and the needs of development scholars are served under Title XII, which encourages the participation of American universities in development efforts. Any determined party can rely on a variety of restrictions in the act to bring most project proposals to a screeching halt.

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Often viewed as an ad hoc arrangement, AID is expected to close down business as client countries move, in Rostow fashion, toward economic take-off. Yet, as it becomes clear that development has no end, the agency is an easy target for the frustration borne of that realization. Reorganization, overregulation, curtailment of programs, and audits by the Government Accounting Office are the immediate vehicles for such expressions. To survive, AID has inflicted on itself, often with great fanfare, its critics' corrective nostrums. The best evidence of this tactic can be seen in the process by which projects gain approval. The guidance document spelling out the specifications for project approval runs well over a hundred pages. Project documents that result from following these guidelines resemble more an enlarged doctoral dissertation than the description of a hands-on development project. As a result it takes some three years to move a project from proposal to operation. Responsiveness, immediacy, and joint collaboration with client country officials are buried under a mountain of paper. The result, as a 1977 Brookings Institution report remarked, is a system so complex that it is little wonder that AID "has a reputation for inefficiency, rigidity, and slowness."

These inefficiencies have not gone unnoticed within the agency. Successive administrators, most notably John J. Gilligan, have tried to stem the tide. But their efforts, like their suzerainty, have been sporadic, mercurial, and mostly rhetorical in effect. The daily accumulation of new rules, caveats on efficiency, and restrictive declarations is enforced by seasoned regulators who are not easily discouraged by the momentary dynamism exhibited by each new administrator.

Perhaps the most telling proof of AID's intellectual and operational exhaustion lies in the saga of the International Development Cooperation Administration, or IDCA. Through the mechanism of IDCA, the entire foreign assistance effort was to be reorganized, and its head was to be the president's adviser on development strategy, on a par with the secretaries of state and treasury. AID would emerge transformed, an efficient, responsive, no longer befuddled organization. AID planners, along with key supporters on Capitol Hill, in academia, and elsewhere, worked hard to construct a superagency, consolidating important assistance programs under one powerful coordinator. The Humphrey bill, now known as the International Development Cooperation Act of 1978, was signed into law in August 1979, and IDCA became a reality through an executive order shortly thereafter. But the order was the last good thing to happen to IDCA. For all the fanfare, it remained a hierarchy without a base. AID and the Overseas Private Investment Corporation, both going concerns before the establishment of IDCA, were the only units available for coordination. In an effort to boost its importance, IDCA did grab a small AID division that dealt with reimbursable assistance, refurbished it into the Trade and Development Program, and then raised it to the level of a fiefdom. But that was all. Congress never transferred any other assistance programs to IDCA's control and President Carter gave it minimal support. The superagency ended up as an intervening bureaucracy of super-grade positions with a separate phone directory, new stationery, heavy brown furniture, and gold-on-black nameplates. Its effective demise can be seen in the fact that its super-grade positions are now held jointly by AID officers.

AID's organizational problem, however, is not its only hot potato; it may not even be its worst. Dissatisfaction with the results of AID's efforts has been steadily growing. Each year reaps a new harvest of attacks, each year another set of jitters envelops the agency. The poor state of our economic health at home makes it harder to argue for more food for Barbados or well drilling in Bangladesh.

The agency was a vehicle for saturating the Vietnamese countryside with assistance in an effort to lessen the Vietcong's appeal. But when the reaction set in against U.S. involvement in Vietnam, AID became a scapegoat.

AID's critics focus on the three action levels at which assistance is applied: specific *projects*, broad *programs*, and *country* strategies. The agency can point to hundreds of projects that have delivered results to selected beneficiaries: rural roads in the Philippines, small-farmer cropping systems in Central America, nutritional education in Morocco. But project work is costly to donor and client alike: while the immediate returns do not justify the expense, AID supports these projects as stimuli to the client country. Unfortunately, AID no longer has the staff to incubate projects nor will client countries pay for expensive foreign expertise. That is one reason AID has moved toward the program level, where the providing of management skills, not assistance in the form of technical expertise, is the key.

Though better suited to the present mix of resources, the program area has its own set of flaws. Coordinated programs that unify a series of projects in such areas as seed production and distribution, irrigated farmland, or rural development are all the more demanding and open to problems. Linking separate projects in a rural development program, for example, is a complex job needing a less rigid brand of management and broader guidelines than those at hand. Here the agency is hindered by redundant rules and an obtuse working mode. Where flexibility is demanded, AID strangles; where collaboration is essential, AID forces its clients through a labyrinth.

Chaotic Results

Not only do these programs become snagged by AID's cumbersome style, they are dependent as well on the quixotic nature of the client government, which must make constant adjustments to stay afloat on a sea of troubles. One reorganization of an important client bureau, one switch of a key official, and chaos is the likely result.

In the realm of direct country assistance, AID points to Taiwan, Korea, and Brazil as AID graduates, not including those who found oil on the school playground, such as Venezuela and Nigeria. But past country successes offer little guidance for the 1980s. Taiwan and Korea received massive amounts of assistance over a long period and reaped the harvest of U.S. largess in Southeast Asia during the Vietnam sojourn. Korea and Taiwan were also helped by Japan's economic resurgence. But even the successes have their tinges of foreboding. Korea, in debt to the United States for over $2 billion, has recently applied to Japan for an additional $6 billion. Brazil's development efforts have, according to some sources, ironically created increased displacement and poverty, especially among the rural poor. Brazil also bears an external debt of nearly $60 billion and seems to be constantly dancing the devaluation tango.

In 1973 Congress ordered AID to focus on the poorest of the poor. Though the agency has given this ambiguous target its best shot, the results have been meager. If past experience is any guide, only project action will have a measurable effect on some of the poor. Programs and country strategies, because their emphasis is on management and because they must deal with client-state bureaucracies, are unlikely to meet with much success. While we have volumes on what causes poverty, its cure still eludes the agency's grasp. Little wonder that AID, after twenty years' labor, comes to the present bewildered and exhausted.

Foreign Policy Tool

Part of AID's discontent stems from its uneasy relationship with U.S. foreign policy. On the surface the link seems clear. U.S. foreign aid emerged out of a foreign policy need: the reconstruction of postwar Europe as part of the West. Foreign policy concerns drove the aid vehicle in Southeast Asia during the 1960s and '70s. Even a recent AID publicity release calls foreign aid the "tool of foreign policy."

While homage is paid to this official nexus, the infighting over which is dominant—development or foreign policy considerations—has never stopped. AID strives to run a sanitized effort to help poorer countries gain economic and social balance; State, along with Treasury, insists that aid be justified by self-interest alone.

The Foreign Assistance Act strikes at the heart of AID's vitality by draping it with admonitions, restrictions, constraints, and controls. Everyone who has an ax to grind can find a handle for it in the legislation.

Early in his stewardship, Secretary of State Cyrus Vance, concerned with this problem as well as with the organizational dilemma of foreign assistance, asked the Brookings Institution to examine AID, its organization, and policy, and to suggest a new strategy. The draft report, issued in 1977, recommended that "greater distance between the State Department and AID might enhance the moral posture of the United States" in terms of the foreign aid program. This belief in a pure approach to development, unsullied by policy considerations, is shared by many who have been with the agency for a substantial period, as well as by most AID consultants.

The dilemma between purity and self-interest has had its battles, the last ending with the triumph of the foreign policy faction. When President Carter assumed office, he vowed to increase foreign aid as a corollary to his human rights campaign. He told Gilligan to estimate how much funding was needed and plan how the agency could be reshaped to spend the money wisely and without more staff. Clearly AID would have to be reshuffled and made more efficient. But Carter, having misread the mood of Congress, was forced to cut his 1978 request until, in real terms, it was less than that of the previous year. Moreover, Israel and Egypt came to share nearly half of the total request; the remaining $1.6 billion was then spread among 51 countries. Poor countries, it seemed, needed less than middle-income countries. When Gilligan protested this reversal of development logic to the State Department's seventh floor, it was firmly suggested that he might be better suited to other fields of endeavor.

Gilligan's exit may have been hastened by the chimera of foreign aid: *supporting* assistance. From this ill-defined spigot funds have lately been poured into Israel, Egypt and, in lesser amounts, Turkey. It is this same spigot that AID purists deplore as the blatant tool of foreign policy. Supporting assistance is viewed as easy money, given to clients who work closely with U.S. foreign policy aims and need our help to do so. Its uses are varied and it skirts the laborious approval process required for regular development assistance.

During the Vietnam era, supporting assistance was the dominant type of aid, as U.S. dollars were rained on Southeast Asia in an effort to turn the tide. But when AID asked for its first appropriation in the early 1960s, only 23 percent of the total was pegged for supporting assistance. In 1982, without Vietnam but with the burden of a Mideast settlement, AID's budget had turned around. Nearly 60 percent of the total AID request was slated for supporting assistance. Of this amount, 73 percent was proposed for Egypt,

Association News

AFSA and State Settle Travel-of-Children ULP

On January 12, AFSA filed an unfair labor practice complaint with the Foreign Service Labor Relations Board, charging the State Department with bypassing the Association by sending employees written questions and answers modifying negotiated regulations on travel of children of separated parents. Representatives of AFSA and the Department signed an agreement proposed by the Foreign Service Labor Relations Board in settlement of the charge on March 29.

The Foreign Service Act of 1980 provides for one round-trip per year for each child below age 21 of a member of the Service assigned abroad. The regulations implementing the statutory provision took effect on November 5, 1981, and were issued to employees in a Department Notice dated November 25.

On December 8, State issued another Department Notice in the form of questions and answers on the negotiated regulations, but did not give AFSA prior notice of the materials. The questions and answers modified the negotiated regulations. AFSA objected immediately to the December 8 notice and demanded that a corrective communication be issued by the Department with AFSA's approval prior to release. The Department obtained AFSA approval of its proposed corrective notice, but when issued the notice differed from what we had cleared.

The settlement provides that the agency will post copies of the notice at all State Department facilities employing Foreign Service personnel within the United States, and that the Department will transmit by cable the language of the notice to all State Department facilities outside the country. The notice states, *inter alia*, that the Department will not modify any agreements without first giving AFSA the opportunity to bargain.

Carter to Speak In Lecture Series

Former State Department Spokesman Hodding Carter will deliver the fifth lecture in the AFSA luncheon series "Public Diplomacy in the '80s" at the Foreign Service Club on May 28. Carter will address the spokesman's role in explaining U.S. foreign policy positions to domestic and overseas audiences. The program begins at noon with a cash bar, followed at 12:30 by the luncheon and the lecture. Association members who wish to make reservations may do so by contacting the club at (202) 338-5730.

The lecture series has been organized by the Association's ICA Standing Committee to make all members of the foreign affairs community aware of the vital role public diplomacy plays in diplomatic efforts.

Association Wins Impasse on Advance of Pay

In a decision issued March 22, the Foreign Service Impasse Disputes Panel ruled in AFSA's favor on the amount of time in which an employee may repay an advance of pay. The panel recommended that the foreign affairs agencies and the unions adopt the latters' proposal allowing employees up to 18 pay periods in which to repay an advance.

The Foreign Service Act of 1980 provides that up to three months' pay may be paid in advance to an employee upon his or her assignment overseas. In negotiating implementing regulations, the parties had reached an impasse over the amount of time available to repay the advance, with management holding firm on its proposal for a maximum repayment of 12 pay periods.

On October 5, 1981, AFSA filed a request for assistance with the panel. After the panel's attempts at mediation failed, it ordered all parties to submit briefs in support of their position.

The negotiated regulations provide that repayment deductions begin on the pay day falling during the second full pay period following the pay period in which the advance check was issued. Employees will, therefore, have one full pay period between the pay period in which the advance check is issued and the pay period in which the first deduction occurs. In no case will the deduction begin earlier than 24 days from the date of issuance of advance. The agencies decided to accept the recommendations of the panel.

AFSA Protests Newell Nomination to Head State's IO Bureau

The Association has "regretfully protested" the nomination of Gregory J. Newell to the position of assistant secretary of state for international organization affairs in a press release issued March 19.

With the goal in mind of AFSA's commitment "to maintaining the highest standards of professionalism and competence in the conduct of foreign affairs," the Association said it is "unfortunate that a person with such a limited educational background and experience in foreign affairs should be nominated for a position which involves supervising a bureau with a budget of half a billion dollars which handles the relations of the United States with the United Nations and other international organizations. . . . The fact that Mr. Newell apparently speaks French and worked in France, Belgium, and Luxembourg as a missionary for two years hardly represents the experience necessary to meet the specialized requirements of this important position." The Association said it had no reason "to impugn Mr. Newell's native abilities," which include "considerable talent and experience as an administrative coordinator for senior political officials at the federal and local levels."

Investment Scoreboard 1981: Big Shifts in Tangibles and Real Estate

There were big surprises for investors in traditional inflation hedges and supposed "storehouses of value" during 1981. When one compiles the year-end market figures for real estate, metals and gems, other tangibles, stocks, bonds, mutual funds, and money instruments, the result is a clear justification for the "bucket theory," which urges diversification of assets, maintaining flexibility and liquidity. All markets showed unhealthy volatility, or trading from one piece of news to the next.

Statistics are inexact, because sources vary significantly. Real estate values are not constant across the U.S. and have no counterpart to the standard stock indexes. Reports on the stock indexes themselves vary from source to source. And gold's fall from favor was variously reported as off 27.8%, 31.5%, 33%, etc.

But a few general trends emerged. Certainly the rapid pace of appreciation in home and land values seen in the 1970s ended dramatically. Imputed values actually declined for many who had to sell, estimated at 10% in real terms as the market virtually disappeared. Direct culprit: the credit squeeze, leading to an average 1981 mortgage cost of 16.5%. The move to "creative seller financing" found many sellers required to take back from the buyer a note for up to 20% of the total sales price at below-market interest rates. Some 60–70% of home and condominium sales were totally or partly financed by sellers. High interest rates forced a Washington area sales decline of 21%, following 1980's 12% drop.

Common stock prices followed the same direction, off overall for the year—with some notable exceptions—after an early broad rise. The Dow hit 1024 for a fleeting moment but ended the year near 800, down 9.23%. The last ten years have been disappointing for the blue chip stocks, yet there were phenomenal gains in newly emerging technologies. The performance of mutual funds in 1981 was generally lower, with several notable exceptions. Income funds outpaced the growth and balanced funds.

No investor had a kind word for long-term, fixed-income investments. Bond funds and investment-grade municipal tax-exempt bonds issued in pre-inflation years (then with totally respectable 6–9% coupons) lost a substantial amount of their principal value. New issues emerged in the 11% range and have since been surpassed by quality issues returning around 12–13%. The older bond issues were sharply discounted by the resale market, providing bond-holders swapping opportunities at year's end.

The money market funds were clearly the safest 1981 repository, providing total liquidity and an average 16–17% return. Rates ended the year and persist in early 1982 considerably lower (12–13%), which should remind readers that this superb cash-management vehicle, totally taxable, should be thought of as a "parking lot" rather than an investment.

Investing's law of gravity caught up with gold, precious stones and metals, photographs, and other items that had brought pinnacle prices in 1979 and 1980. Late 1981 sales in the New York markets in international art, antiques, coins, stamps, jewelry, and other investment collections brought prices 15–20% lower. Antique and classic cars are flat. Diamonds had a speculation orgy. Seen as the perfect, portable, inflation protection at premiums up to five times the increase in the Consumer Price Index, or a 200–400% markup over wholesale "dealer" prices, diamonds have declined 50–70%.

The 1981 across-the-board shakedown is a sign of disinflation. Many investors are shocked to realize they have a vested interest in continuing inflation, and that the side effects of falling prices may be harder to bear than the consequences of prices always on the rise. But those on the sidelines should be aware that today's low prices present outstanding buying opportunities. —Margaret M. Winkler

Retirees' Crystal Ball: Rest Easy on COLAs

The President's budget message proposal to limit cost-of-living-adjustments (COLAs) for federal retirees now drawing annuities higher than they would receive if they retired today prompted a number of concerned inquiries from AFSA's retired members. Specifically, the proposal was that persons whose annuities exceed 120 percent of what they would be paid if they retired today would not receive any COLA adjustment at all, while those whose annuities were between 100 and 120 percent of that figure would receive only 75 percent of the COLA paid to other retirees.

For the time being at least, it seems that retirees can rest easy on this one. The latest legislative assessment indicates that this plan is not going anywhere because first, recalculating the annuities of all federal retirees now on the rolls is administratively and fiscally impractical. The Office of Personnel Management, successor to the Civil Service Commission, already is under criticism for the delays in calculating the annuities of employees who are currently retiring, most of whom must wait two to five months for their first annuity check. Imagine the immense cost and time involved in recomputing the individual annuities for the more than 1.3 million persons on the federal retirement rolls. Second, various retirement provisions have changed in recent years (i.e., the raising of the mandatory Foreign Service retirement age from 60 to 65), so how could the annuity of a person who retired 10 to 15 years ago be recalculated equitably without taking such changes into account?

If any change is mandated in the payments to federal retirees by Congress before the end of this year, it most likely will take one of two forms: (1) the COLA for calendar year 1982, now scheduled to become effective March 1, 1983, would be waived; or (2) the COLA would be limited to the annual rise in the Consumer Price Index or the percentage of the annual increase in federal employees' pay, whichever is lower.

While Congress can hardly view with enthusiasm the prospect of imposing retirement cutbacks in an election year, it is quite likely that budget deficit pressures may force it to do just that before November. In this regard, House Majority Leader James Wright (D-Tex.) recently told leaders of the large federal, retiree, and union organizations that the House would not approve a reduction in or elimination of next year's COLA for federal retirees unless corresponding cuts were also applied to Social Security and other entitlement programs.

Another possibility is that Congress will postpone "biting the bullet" on entitlements until after the November elections, then will reconvene in a post-election special session to deal with reductions in this politically volatile area. All things considered, however, it seems pretty clear that a change in the present COLA formula applicable to federal annuities is shaping up as a sure bet this year.

'Rely on Professionals,' Rep. Leach Says at AFSA 'Public Diplomacy' Talk

"The real criticism of our policy today is not so much whether it's too liberal or too conservative, but, frankly, whether it's professional enough," Rep. Jim Leach (R-Iowa) remarked in a wide-ranging lecture at the Foreign Service Club in February before an audience of more than 100 persons. The former Foreign Service officer advised the administration to "rely on the professionals, disregarding almost entirely some of the criticism and maneuvers of certain members of Congress and others outside the mainstream of American public opinion." Leach's talk, the second in a series of luncheon lectures at the club on the theme of "Public Diplomacy in the '80s," touched on a variety of issues, including the defense budget, arms control, El Salvador, and grain trade.

The military budget will decrease, Leach predicted, as a result of a switch in public concern over defense issues in recent months. "The public has not been sold on the MX system, the new initiatives in chemical warfare, the refurbishing of battleships, or the proposal to increase the military establishment by about 60,000 employees." He attributes this partially to the "real awareness that the economy comes first." Leach emphasized the need for arms control, especially in the field of chemical weapons.

The congressman also aired his views on Central America. "The El Salvador issue is about to explode in massive proportions in the public mind," he said, adding that military aid to that country is not effective and will not yield positive results. "There is no one in the body politic in the United States who finds any justification whatsoever for sending military personnel to El Salvador. We're better off with the Peace Corps distributing food surpluses than with Green Berets carrying machine guns."

Leach, who is from a major grain state, carried this idea over to the topic of East-West relations, saying, "Let's use our food as an economic instrument for positive gain in Latin America, rather than as an issue of negative mischief in the Soviet Union." Leach remarked that the grain trade with the Soviet Union was not only important to U.S. financial interests, but was also symbolic of people-to-people relations. "I find it indefensible for macho diplomacy to threaten reinstitution of grain embargoes that historically don't work," said Leach. "As a member of

Congress, I would only say there's one aspect of public diplomacy vis-à-vis the Soviet Union that the State Department is responsible for which I think is out of kilter—it's this whole issue of the grain trade."

Finally, he applauded the legislative branch's "exceedingly constructive role" in foreign policy efforts and the Reagan administration for being "the first administration that has changed the direction of government in over half a century." Though critical of some administration priorities, Leach noted: "Americans can accept sacrifice; Americans can accept points of view that they don't agree with, as long as there is a belief that the majority of the people are being treated in the most equitable way possible." —Linda J. Lavelle

AFSA Election Section

AFSA ELECTIONS COMMITTEE
P.O. BOX 57121, WEST END BRANCH
WASHINGTON, D.C. 20037

In accordance with AFSA Bylaws, and pursuant to the terms of the 1982 AFSA Election Call, the following AFSA members have been duly nominated and have accepted their candidacies for the positions indicated below in the 1982 election of Officers and Retired Constituency Representatives of the AFSA Governing Board. The candidates were all nominated as members of the "Unity Slate"; other nominations were received for several of the positions to be filled but were declined by the nominees. There were no nominations for the third Retired Constituency Representative position.

It is each AFSA member's responsibility to see to it that his or her proper address and constituency are on record with AFSA. Ballots will be mailed on or about May 15, 1982, and marked Ballots must be returned by 5 P.M., June 30, 1982. If you have not received your Ballot by June 7, 1982, notify the Chairman of the AFSA Elections Committee IMMEDIATELY in writing at P.O. Box 57121, West End Branch, Washington, D.C. 20037, or by "AFSA Channel" cable marked for delivery to AFSA Elections Committee.

The campaign statements which follow are published in accordance with Article VI(4) of the AFSA Bylaws. In publishing them, AFSA and its Standing Committee on Elections are required by Chapter 10 of the Foreign Service Act of 1980, as interpreted by the Department of Labor, to do so without making any modification of their contents. AFSA therefore disclaims any responsibility for the content of any campaign statements made by the candidates. Content is solely the responsibility of the candidates.

POSITION	ORGANIZATION
PRESIDENT	
1. Dennis Hays (Unity Slate)	State
VICE PRESIDENT	
1. Anthea S. de Rouville (Unity Slate)	State
SECOND VICE PRESIDENT	
1. William McKinney (Unity Slate)	AID—ASIA/PTB
TREASURER	
1. Brooke Holmes (Unity Slate)	State—IO/CU
SECRETARY	
1. Irving Williamson (Unity Slate)	State—USTR
RETIRED REPRESENTATIVES	
1. Spencer King (Unity Slate)	
2. Charles Whitehouse (Unity Slate)	
3. ______________	

Statement by the Unity Slate

The Unity Slate is firmly committed to AFSA's dual roles of labor union and professional association. Our goal is to balance the interests of every sector of the Foreign Service community—active and retired, State, AID and ICA, officer and staff corps—as fairly as we can, while we try to improve the life and working conditions for the entire community. This will not be easy. As we look around us, we see a myriad of problems that command our attention. We see that:

- although we have a new Foreign Service Act, many of its provisions and other important regulations have yet to be implemented;

- an excessive number of political appointments at home and overseas has contributed to a senior glut which adversely affects all levels of the officer corps;

- gross inequities remain between cones in terms of career development opportunities and prospects;

- issues of simple justice—such as stand-by pay for the staff corps—continue to meet with resistance and delay;

- AID still is waiting for an equitable open assignments system.

The Unity Slate is committed to addressing and resolving these issues. In so doing, we will try to take everyone's best interests into account. This does not mean, of course, that everyone will get what they want. As we have all seen, the interests of one sector of the Foreign Service community may conflict with the interests of another. Trade-offs will have to be made. But particularly at a time when budget cuts and shortages may affect one segment of the community much more than another, the Unity Slate feels that AFSA's leadership cannot afford to take a narrow focus. Just the opposite, we intend to take a broad view. We believe that the problems affecting Senior officers ultimately affect the well-being of the entire AFSA membership. The same holds true for Mid-level and Junior officers as well as for Specialists and Support Staff in all agencies. Thus, we will do our best to promote the interests of every constituent group within the Service—be it retired members, support staff, Consular officers, minorities, Mid-level officers or whomever—but we will be even-handed. In this way we will hope to arrive at the most equitable trade-offs possible.

With regard to our goals for AFSA as a professional association, the Unity Slate is committed to:

- working to maintain and expand our contacts on Capitol Hill and in the media to insure our voice is heard;

- speaking out in public forums to educate the American public as to the role of the Foreign Service and its contribution to national security;

- preserving the independence and integrity of the Foreign Service retirement system;

- expanding our membership services to provide more legal assistance, grievance and tax counseling;

- investigating ways to maintain a Foreign Service Club that will most directly serve our members' interests and use (we will issue a detailed statement of our proposed alternatives for the club at the time of the referendum on whether to close it);

- organizing and representing both the Foreign Commercial and Agricultural Services as well as expanding our membership in State, AID and ICA.

It seems clear to us that AFSA's leadership must follow through on these commitments if the Foreign Service community is going to prosper in the climate of change and uncertainty with which we have lived during the past several years. We feel that the past AFSA leadership has worked hard and many important victories have been won (e.g., separate maintenance allowance, advance of pay, danger pay). But we note that many serious problems remain. The Unity Slate cannot claim to have a member from every constituent group in AFSA as part of our slate of candidates. We have already pledged ourselves, however, to work together with every group representing a significant portion of AFSA's membership. What we need now is legitimacy and strength. These can only be obtained if we gain the support and votes from every sector of the Association. Although there is no formal opposition to our candidacy, we still require a mandate so we can proceed with the confidence that we are acting in the best interests and wishes of our membership. Please give us your vote.

Dennis Hays,
Unity Slate
Presidential Candidate

FOR RETIRED MEMBERS: At the time the Unity Slate was formed, there was some question as to an official candidate for the third Retired constituency position. It is our understanding that there will be several write-in candidates for the third position. The Unity Slate plans to endorse one or more of these candidates who share our views and can work with the Unity Slate. We will make our endorsement known in future campaign statements.

Israel, and Turkey. In fact, these three countries were to receive $300 million more than the 58 countries on the development assistance roster. Reagan no less than Carter, Alexander Haig no less than Vance, have continued to stress the essential, practical supremacy of foreign policy considerations over development.

Yet the issue may be spurious. The mercurial turnabouts affecting relations between countries may have more influence on development than any of the arguments posed by either side in this debate. To the 71 countries who are clients of our many aid programs, U.S. foreign policy and foreign assistance are two sides of the same coin. No matter how enthralled the sages of development might be with long-term planning, those countries' development strategies depend on short-term policies. How long, for example, was Ethiopia on our long-range development list? How quickly was it able to switch places, affection, and client status with Somalia? What about the millstone of Haitian long-range development? What long-range goals have been met through the $5 billion investment AID has made in Pakistan since 1952 that have justified the total? Assistance to these countries has been provided, not according to their needs and successes, but according to the requirements of U.S. foreign policy.

The separation of the two spigots—development and supporting assistance—is once again challenged when our aid to Egypt and Israel is examined. Both countries are heavily dependent on supporting assistance in roughly equal amounts. Israel gets its funds by check while Egypt receives our largess through an elaborate panoply of 90-odd projects operated by the largest contingent of AID employees outside Washington. Israel's funding is based on its withdrawal from the Sinai and adherence to the shaky structure of the Camp David accords; the rationale for Egypt is much the same but coupled with a long-range country strategy which in some inexplicable way relates each of the many projects to well defined long-range goals. Even so, Egypt's project funds are much easier to come by and go through less of the grueling approval process that poorer and less fortunate countries must face to receive their ration of simple development assistance. If foreign policy needs dictate the allocation of these huge sums to Israel and Egypt why are they managed so differently? If development considerations are paramount why does Egypt warrant its staggering sums against the pittances given to countries where even the rich seem poverty-stricken by comparison?

The agency's ability to focus on development objectives has been reduced to written justifications filling page after page. It appears that AID's most lasting product will be development prose, not development action.

Clear answers to these questions are clouded by the ambiguity which separates development ideals from foreign policy goals. Each element of the country strategy is justified by either a short-term goal (Sinai pullout) or a long-range view (economic and social well being of Egypt through carefully planned and integrated projects) based on the foreign policy objective (peace in the Mideast). Yet, one flick of a miscreant's trigger, one miscalculation and the whole facade tumbles. New justifications for continued assistance must then be culled from the writer's guide to development phraseology. For AID this repeated exercise becomes ever more exhausting.

Consolidating Assistance

The solution to the difficulty is simple enough: make the rhetoric fit the reality. Abolish the distinction between development and supporting assistance and operate assistance, pure and simple, as an instrument of U.S. foreign policy. This consolidation, in both practical and intellectual terms, is more pressing these days. The Reagan administration's relentless pursuit of civilian economy will require greater reliance on the justifications of self-interest, strategic worth, and foreign policy needs. Nor does the pressure come solely from the current administration; the same circumstances are likely to prevail no matter who captures the White House, no matter which party becomes ringmaster in Congress. If AID continues to place itself in full view as the exhausted remnant of idealistic development, the end may be very close at hand. But AID need not, indeed, should not, perish altogether. A strategic retreat is what is needed to preserve both the idea of foreign assistance and its operating essentials.

Can AID be saved? Probably not, at least not in its present exhausted position. Twenty years of buffeting, surgery, and finger-pointing have brought it no closer to the goals it set out to achieve than it was on the day of its birth. The IDCA adventure served to underline in emphatic, if wasteful, terms the arrival at dead end. Yet foreign assistance is integral to foreign policy and the secretary of state would find himself locked in his own syntax if he were unable to reach into a jar of goodies for client countries whose need for our assistance is almost matched by our need for theirs. What AID should have now is a safe haven from which it can contribute to foreign policy operations and yet cover its excessive vulnerability.

Reasonable Solution

The most logical solution, one that has been around since the mid-1960s, is to fold AID into the State Department, not as an adjunct agency, but as an integral organizational part of the department. While this idea is usually met with wailing and gnashing of teeth by many in the agency and the department alike, it seems the only reasonable course. AID would become a Bureau of Development Assistance, headed by an undersecretary of state for development. AID's Foreign Service personnel would be merged with those of State, while staff functions such as personnel, training, and management would be absorbed by State's parallel units. The merger of financial systems may take somewhat longer since AID now manages a sizable debt repayment program and loan dispersal arrangement for development and supporting assistance. But these can be unified eventually through a reorganization of State's financial management office. The AID geographic bureaus would be reduced and placed within the corresponding bureaus of State after a revamping to accommodate these new and enlarged responsibilities. State might then add a new personnel cone for development management, while AID personnel could be shifted into diplomatic assignments after a period of retraining and reassignment. AID overseas missions would be placed under the existing economic counselor and larger missions might be put under the direction of a development assistance counselor. Thus the economic development arm of the U.S. presence abroad would be brought directly under the ambassador's control and the sometimes embarrassing battle over turf between the embassy and AID missions would gradually subside.

The solution is simple enough: make the rhetoric fit the reality. Abolish the distinction between development and supporting assistance and operate assistance, pure and simple, as an instrument of U.S. foreign policy.

While the merger idea has been discussed off and on for a number of years, the passage of the Foreign Service Act of 1980 makes the idea more tenable. The act instructs the foreign affairs agencies to work out a compatible system for all Foreign Service personnel, the goal being a Foreign Service that will speak, act, and represent the United States in a unified, coherent way. [See related articles.] Folding AID into State is justified, if not mandated, by the new legislation. Though the main import of this move would be to give AID organizational protection and policy continuity within foreign policy administration, State would also benefit: Taking on the more practically oriented AID technical and management officers with their predilection for hands-on action might well give a better edge to our diplomatic efforts vis-à-vis the Third World.

The merger is most likely to succeed if assistance is directed at program and country targets with project operations left completely in the hands of the client country. Although there are serious pitfalls in this approach, the gains in clarity, coordination, and cost control outweigh the losses. Funding would be given under the more general terms of supporting assistance and the involved and paper-strewn project system which now exists in AID would disappear. Presumably, this emphasis on a more general, less detailed form of assistance would lead to a complete reliance on loans. These are easier to administer than grants since they are charged to the client country and do not need the careful attention that grants normally require.

The emphasis on loans also ought to encourage a reconsideration of our stance on contributions to international financial institutions, an issue already warm with controversy. It is unlikely that U.S. contributions to these institutions will increase in the immediate future. Given the known and anticipated cuts in domestic welfare programs, increases in multilateral funding will be difficult to justify politically. Nor can contributions to these organizations be especially justified as having been more successful than those funneled through AID itself. The World Bank and the International Development Agency have been roundly criticized for their lack of success in getting funds and benefits to the poor while their programs have tended, almost without exception, to solidify the concentration of wealth and prop up existing regimes. Moreover, the ideological ramifications of these institutions' programs and their effect on U.S. foreign policy considerations will become more intense as they increase assistance to countries that are on the fringes of the development assistance scene yet engage in repeated raids against U.S. foreign policy interests. One possibility is to use the proposed Bureau of Development Assistance as the chief focal point for assistance to multilateral agencies, placing a greater emphasis on contributions to specific country programs than on the subscription to overall capital accounts. Such a change in practice would provide the United States with a better assessment of how the money is being spent and would also foster consistency in foreign policy management of scarce development resources.

AID into State

Although congressional criticism will not die out because of these proposals, AID's exposure as open target would decrease. Making AID an integral part of State would give the former the mantle of State's established organizational life. Though State itself is not immune from being battered about, its record in fending off calamity and keeping its organizational soul intact is better than AID's. In these times of truculent retrenchment, survival may go to those protected by tradition.

Certainly the current phase of budget cutting and organizational consolidation might encourage the proposal presented above. The folding of AID into State might also catch the enthusiasm of those who believe that foreign assistance should be preserved but in a format that will reduce its

AID should be folded into the Department of State as one of the operating bureaus. . . . There are few options left. Nearly all possible combinations have been tried, with uniformly poor results.

attractiveness as a perpetual target for every sling and arrow waiting to be shot. For some congressmen the elimination of AID as an organizational entity, while preserving the essentials of overseas assistance, might simplify the defense of foreign aid principles. This is important, for the suggestions offered would first have to get legislative approval, no easy task these days.

Although the time is ripe for these reforms, the forces of entrenchment may be too strong. On the Hill many congressmen make a fair political livelihood by regularly criticizing AID. Some would undoubtedly be reluctant to have such an easy target removed. Nor will everyone in the agency be wrapped in smiles at the thought of having development assistance fall into the hands of those whose primary concern is U.S. foreign policy. Much of their time with AID has been spent fending off the impurities involved in short-term economic support, budget assistance, and "disappearing aid" to zero-need projects deemed necessary to bolster the U.S. image in country X. The quasi-independent baronies of personnel, management, and policy planning, not to mention the geographic bureaus within AID, will hardly greet with approval the prospect of being swamped by State's management team, not known for its imagination or adaptability. U.S. assistance missions overseas already grumble loud and long when State takes over the joint management of field support; turning in their activity reports to the embassy's political officer for recasting into state-of-the-country assessments may be even more painful.

Not all of State's officialdom, for that matter, will glow at the prospect of a merger. Development and AID are considered by many to be the passing fancies of a distraught imagination; their perpetuation, especially within the department, might, it is feared, threaten traditional diplomacy. Others might view with horror the prospect of having development technicians or project managers emerge as commissioned Foreign Service officers. The Foreign Service at State is already overstaffed to the point where many of its senior officers are employed in mundane, low-level tasks. Pushing in another group of senior officers from the development side will not make the situation any brighter.

What then? If the obstacles to change and consolidation become insurmountable, AID will probably continue on its downward spiral. It may then be necessary to abandon the entire effort and put into practice the views of those who believe that development assistance makes no difference in the end. "The world's fulness," observes the poet Richard Wilbur, "is not made but found." □

Was Poland Sold Out at Yalta?

By MARTIN F. HERZ

Writing about Poland in the *New York Times* of January 17, Henry Kissinger addressed the contention that Poland was consigned to the Soviet sphere of influence at the Yalta conference in 1945. This belief has recently been voiced by West German Chancellor Helmut Schmidt, among others. "As for Yalta and Helsinki," wrote the former secretary of state and historian, "there is something self-destructive, almost masochistic, in the West's penchant to sell itself short. *Yalta did consign Poland to the Soviet sphere of influence,* but it also provided for free elections in Poland—quite the opposite of what is now happening." [Emphasis added.]

With great respect for Dr. Kissinger, the statement about Yalta is simply incorrect. In making this error, however, he is in good company—the highly reputed British journal, the *Economist,* has also claimed that "the Yalta pact of 1945 put Poland into Russia's East European sphere of influence" [January 9]. The conference not only did *not* consign Poland to a Soviet sphere of influence, it did not deal with any such sphere in any way whatever. It did, however, spend a tremendous amount of time on the Polish question, in the end arriving at an ambiguous compromise. (For the purpose of this discussion we leave aside the question of Poland's borders, which was substantially settled at Yalta.)

The ambiguous compromise on Poland at the Yalta conference can, in fact, be said to lie at the root of the Cold War. Disagreements over the meaning of the Yalta agreement, recorded in messages of increasing vehemence in the months after the conference, tore the fabric of East-West cooperation. The famous meeting between President Truman and Soviet Foreign Minister Vyacheslav Molotov on April 23, 1945, culminated in a flat accusation that Stalin was violating the Yalta accords and led to a spirited rebuttal by the Soviet dictator in which he charged that the British and U.S. position was "hard to reconcile with the Crimea [Yalta] decision on Poland."

Stalinist Candor

What, specifically, was the disagreement about? It had to do with the composition of the Polish government that would be holding the elections. Both sides realized that if the provisional government was dominated by the Communists, the Communists would win the elections, whereas if the non-Communists were to dominate the government the result would be an anti-Communist parliament and government. This the Soviet Union could not accept, and Stalin was perfectly candid when he remarked that the Soviet Union, for reasons of national security, required a "friendly" Polish government on its Western frontier.

At best, however, the Yalta compromise could only postpone the real decision as to who would govern Poland, as a brief recapitulation of the events leading up to the conference demonstrates. Germany invaded Poland on September 1, 1939. As the Polish army was reeling eastward under the hammer blows of the German *Wehrmacht,* it was attacked from the rear by the Red Army. That treacherous attack was a result of the Hitler-Stalin pact and its secret protocol which effectively divided Poland between the Soviet Union and Germany.

With most of the Polish army in Soviet captivity, a new chapter opened when Germany attacked the Soviet Union in 1941. The Polish government-in-exile in London offered to cooperate with the U.S.S.R. and only asked for assurances that the *status quo ante bellum* would be restored after an Allied victory. This the Soviet government refused, even while the Germans were almost at the gates of Moscow and when the cooperation of the London Poles, who controlled a sizable underground in Poland, would have been welcome. The Soviet Union's position, maintained through the war, was that its annexation of eastern Poland—which had belonged to Russia before and was inhabited by ethnic White Russians and Ukrainians—was final.

The break between the London Poles and the Soviet Union came when the Germans announced in 1943 that they had discovered the mass graves of

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Martin F. Herz, former ambassador to Bulgaria and a frequent contributor to the Journal, *is professor of diplomacy and director of studies at the Institute for the Study of Diplomacy, School of Foreign Service, Georgetown University.*

thousands of Polish officers, who had been prisoners of the Soviets and apparently had been killed by them, in the area of Katyn, near Smolensk. The London Poles, who had been anxious about the fate of those officers ever since all news from them stopped in 1940, joined in the call for an international investigation. Stalin took this as an occasion to break with the Polish government-in-exile and to form a Communist-controlled Union of Polish Patriots in the U.S.S.R. as the future government of Poland.

The next chapter in Polish-Soviet relations came with the Warsaw uprising in August 1944, when the Soviet army sat watching on the other side of the river Vistula while five German divisions pounded the primarily non-Communist Polish freedom fighters in the Polish capital. British and U.S. appeals to the Soviets to help the Poles fell on deaf ears; requests to allow Allied planes to land on Soviet-controlled airfields so that at least parachute drops could be arranged were angrily turned aside. Of 40,000 Poles in that battle, some 15,000 were killed. The remnants of the underground capitulated in October 1944.

In these circumstances, the idea that there might be a balanced coalition between the Communist Poles (then known as the Lublin group) and the anti-Communist London Poles was quite unrealistic. But that, precisely, is what the argument at Yalta was about. Stalin made it clear at the conference, as on previous occasions, that he needed a "friendly" Polish government. What chance was there, after the record of obstinacy on territorial issues and bitter resentment over Katyn and the Warsaw betrayal on the part of the London Poles, that a non-Communist government in Poland would be friendly to the Soviets?

By the time the Big Three met at Yalta in February 1945, each power had its own view as to how the Polish situation should be resolved. The British argued that a new Polish government should be created to run the elections. The Soviet position was that nothing could be achieved unless the existing Polish provisional government—that is, the Communist Lublin group—was taken as a point of departure. The U.S. position—and here it is necessary to simplify, but only a little—was to split the difference and call for creation of a new government by "reorganizing the present Polish provisional government." The final compromise text spoke of a "*new* Polish Provisional Government of National Unity" but it also said, not once but twice, that this should come about through "*reorganization* of the present government." [Emphasis added.] In the ensuing heated exchange of telegrams the ambiguity of the compromise became apparent as the Soviets kept pointing to the language which spoke of "reorganizing" the existing government, which they interpreted

Franklin Roosevelt acknowledged that the Yalta accords appeared to favor the Lublin Poles, but insisted on open consultations about the formation of a new provisional government.

to mean that only a few non-Communists would be added to it; whereas the Western leaders, British Prime Minister Winston Churchill and Presidents Roosevelt and later Truman, protested that the Soviets were in effect vetoing some non-Communist candidates and that Stalin was attempting to create a "thinly disguised continuation of the present government."

While there were some good arguments on the Western side, Stalin seems to have had the stronger case on the basis of the Yalta text, and there is evidence, in the correspondence between Roosevelt and Churchill, that the U.S. president recognized this. He wrote to Churchill that "if we attempt to evade the fact that we placed, as clearly shown by the [Yalta] agreement, somewhat more emphasis on the Lublin Poles than on the other two groups from which the new government is to be drawn, we expose ourselves to the charge that we are attempting to go back on the Crimea decision." But this did not prevent Roosevelt from insisting that there must be an open process of consultation about the formation of a new provisional government—which in effect meant that the United States still hoped, after Yalta, to bring about a balanced coalition of Communists and non-Communists in that government.

The most telling message is one that Stalin addressed to Truman following a dressing-down the U.S. president had given to the Soviet foreign minister. After arguing the Soviet case in legal terms, Stalin said:

> Another circumstance that should be borne in mind is that Poland borders on the Soviet Union, which cannot be said about Great Britain or the U.S.A. Poland is to the security of the Soviet Union what Belgium and Greece are to the security of Great Britain. . . . I do not know whether a genuinely representative government has been established in Greece, or whether the Belgium government is a genuinely democratic one. The Soviet Union was not consulted when those governments were being formed, nor did it claim the right to interfere in those matters, because it realizes how important Belgium and Greece are to the security of Great Britain. . . . I cannot understand why in discussing Poland no attempt is made to consider the interests of the Soviet Union in terms of security as well. . . .
>
> I am ready to . . . do all in my power to reach an agreed settlement. But you are asking too much. To put it plainly, *you want me to renounce the interests of the security of the Soviet Union; but I cannot proceed against the interests of my country.* [Emphasis added.]

Now, one can pick this message apart on narrow legalistic grounds—there was no agreement on Belgium or

Greece similar to the one that had been concluded on Poland at Yalta—but one must give Stalin credit for frankness. He did not claim that the Communist provisional government had popular backing, let alone that it represented the majority of the people, or that it was going to play by the rules of the democratic game. He put the argument in terms of Soviet national interest, for which the Western allies of the Soviet Union—after all, the war with Germany was still going on at the time—should show understanding. He said, in effect: We have earned, through our suffering and sacrifice, the right to control the western access to our country.

Allied Opinion

In Washington and London, there was of course a high regard for principle, but also a feeling that public opinion would never understand if Poland, the country over which World War II had broken out and which had been the first victim of Nazi aggression, were to emerge from the war as a Communist dictatorship controlled by the Soviet Union. In vain did Churchill plead with Stalin that he should content himself with a "proper balance and a proper distribution of important posts in the (Polish) government . . . with true representatives of all the different Polish elements which are not fundamentally anti-Russian." Stalin rejected this. Being "not fundamentally anti-Russian" was not nearly enough. Then the British leader addressed him with these prophetic words:

> There is not much comfort in looking into a future where you and the countries you dominate, plus the Communist parties in many other states, are all drawn up on one side, and those who rally to the English-speaking nations and their Associates and Dominions are on the other. It is quite obvious that their quarrel would tear the world to pieces and that all of us leading men on either side who had anything to do with that would be shamed before history. . . . Do not, I beg of you, my friend Stalin, underrate the divergencies which are opening about *matters which you may think are small to us but which are symbolic of the way the English-speaking democracies look at life.* [Emphasis added.]

Clearly, Churchill was envisaging a split between East and West that would continue far beyond the immediate aftermath of World War II. It must be remembered that at the time of the angry correspondence just after Yalta nothing of the rift was yet known to the general public. It had been known that there were some difficulties over Poland, which was why there was even a certain amount of rejoicing over the Yalta communiqué. The controversy became public only at the founding meeting of the United Nations in San Francisco in May 1945

Joseph Stalin wrote to Truman, "I cannot understand why in discussing Poland no attempt is made to consider the interests of the Soviet Union in terms of security. . . ."

when the Soviets asked that the provisional Polish government be admitted to the United Nations and this was voted down on the grounds that the requirements of the Yalta agreements had not been fulfilled.

The issue was laid to rest very quietly in June 1945 when Harry Hopkins, the former confidant of Franklin Roosevelt, was sent on a mission to Moscow by President Truman. Hopkins and Stalin agreed on a formula for "consultation" about the new Polish government that in effect gave the Communists control. Shortly thereafter a new (or rather, reorganized) Polish government was created with 14 of its 21 portfolios, including the most important ones, in the hands of the Communists. That government was then recognized by the United States. (After all the acrimony in the months just after Yalta one reads with bemusement the judgment of Averell Harriman, then ambassador to the U.S.S.R., that "the new government had in fact been formed in conformity with the Crimea decision and that we should therefore carry out our obligation to recognize it.") In vain did the Western allies plead, at the Potsdam conference in July 1945, that elections be free and internationally observed. In a moment of even greater candor than he had shown at Yalta and in the following correspondence, Stalin said at Potsdam (according to notes taken by Philip E. Mosely): "*A freely elected government in any of these {Eastern European} countries would be anti-Soviet, and that we cannot allow.*" [Emphasis added.]

The Yalta conference produced no agreement that Poland would be in the Soviet sphere of influence. Instead, the ambiguous compromise that emerged from the conference led to a spirited controversy that later merged with other issues to produce the cold war. The acrimony over Poland in the months after Yalta gradually broadened into a larger disagreement over all of Eastern Europe which ended, as had the controversy over Poland, with de facto acceptance of Soviet control.

Why is the false reference to Yalta in connection with spheres of influence heard so often? It was a theme of Charles de Gaulle's, and only recently French President François Mitterand has also referred to the division of Europe as being a product of the Yalta conference. The simplest but only partial explanation is that "Yalta" is a kind of shorthand that is easier to use than it would be to summarize what actually happened. In some cases, people seem to be repeating something they had recently read: It can be no coincidence that the formulation found in the *Economist* cropped up in so many commentaries afterward. But for some people it is more interesting, more plausible, and politically more attractive to attribute a Communist gain to a Western mistake than to acknowledge that it came about pursuant to the law of the larger and better battalions. Perhaps non-Marxists generally prefer to ascribe events to persons rather than to impersonal historical forces.

If the future of Eastern Europe was not settled at Yalta, should it have been? My own opinion is that the West should have conceded Poland to the Soviet Union at Yalta, and Romania and Bulgaria as well—*but at a price.* There is reason to believe that in early 1945 the Soviet Union might still have been prepared to tolerate a truly independent Hungary (where they had accepted a 50-50 division of influence when Churchill had seen Stalin in October 1944), and perhaps guarantees might have been obtainable with respect to Czechoslovakia as well. The Soviets might also have been willing to make concessions with regard to Yugoslavia—although enforcing them against Tito would have been a major problem. Since the Soviet sphere in Eastern Europe was accepted de facto in 1945, it is a great pity that it occurred without any quid pro quo for the West or relief for the peoples of those countries that might still have been saved.

A Better World?

But a deal of this kind would probably have been impossible because of the way in which British and U.S. public opinion had been prepared to expect a better, more equitable, and more democratic world to emerge after World War II—a world in which considerations of power and spheres of influence would be laid aside and issues would be debated and decided on their merits in a new United Nations. The U.S.S.R. behaved quite rationally after Yalta and in the months immediately after that conference, in seeking to protect its national interest. The West behaved quite true to form, chasing after ideals that its people had been led to expect to see realized, and then blaming the Soviets when it turned out that the world is not governed by ideals but by hard national interests.

Whether or not Poland was consigned to the Soviet Union at Yalta, and the record seems clear that it was not, certainly there never was any serious question of forcibly removing it from Soviet control. The West remonstrated, long after Yalta, about the non-fulfillment of the alleged terms of the Declaration on Liberated Europe, which called for free elections in the rest of Eastern Europe, but it was clear that the realities of the military situation on the ground had determined the line of demarcation between Eastern and Western interests.

That line of demarcation is what the doctrine of containment (with or without George Kennan's blessing) was about. And like the character in a Molière play who discovers to his surprise that he has been speaking prose all his life, the United States is waking up to the fact that, essentially, its foreign policy has been one of containment—and deterrence—ever since Yalta. But the essence of containment is that the other side realizes it will not be allowed to cross a certain line. The Communists crossed it in Korea and were beaten back. In Europe, the line of containment has been kept inviolate.

Harry Truman accused Stalin of violating the Yalta agreement but later agreed on a formula for consultations about the new Polish government that in effect gave the Communists control.

There was a brief flurry about an alternative doctrine of rollback, intended to bring freedom to the Eastern European countries, but that flurry did not last very long because the idea was patently unrealistic and therefore hypocritical.

Seen from the point of view of containment, Poland should be much less of an East-West issue today than Afghanistan, which involved an extension of Soviet power beyond the demarcation line created after the end of World War II. But politics are still made by sentiments, and the Poles of 1982 are as admirable and as reckless as were the Poles of 1942.

It is now 38 years after the Warsaw tragedy, and the Poles have still not accepted the regime that was forced upon them by the Soviet occupation. Stalin may have foreseen this when he remarked to Roosevelt at Yalta, in an offhand manner, that communism was as unsuited to the Poles as a saddle to a cow. (Of course, Stalin didn't say that it was impossible to put a saddle on a cow. While it is very difficult to ride a cow and also quite inefficient, it is not impossible.) Having in effect imposed communism on Poland in 1945, the Soviets may very well repeat the performance, and for exactly the same reasons. And the West, despite the sickening spectacle, will not be able to prevent it, any more than it was able to prevent it at Yalta.

Thus one doesn't have to be "self-destructive, almost masochistic," or have a penchant to "sell [the West] short" to recognize that a dividing line between East and West was set in Europe after World War II, *not at Yalta* but gradually and implicitly because of the realities of the power ratio as it existed on the ground. The Polish issue is still tragic and important. The West cannot be indifferent to what goes on in Poland. But if it were possible to conduct a foreign policy strictly based on reason and leave emotions entirely aside, it would be found that the West has a stronger right and obligation—and interest—to insist on the withdrawal of Communist aggressors from Afghanistan and Cambodia than it has to press for internal changes in Poland or anywhere else in Eastern Europe. □

Congress

Much unfinished business remains in shaping the Service of the next century

One Year After the Act

On the first anniversary of the date on which the Foreign Service Act of 1980 took effect, the Journal *asked representatives of Congress, the foreign affairs agencies, and the AFSA Governing Board to comment independently on the progress of the act's implementation.*

The Foreign Service Act of 1980 prepared the way for some fundamental changes in the operations of the Service. Some of these changes have already begun to be felt after the first yeat of the act's implementation, but much unfinished business remains. The main purpose of the act was to develop a Foreign Service structure that could meet the challenges of the next century. To that end, the provisions of the act reflect a philosophy of the Service which, although it may not be understood or shared by some diplomatic personnel, is held by Congress and, one hopes, the majority of the Service.

A number of assumptions underlie this philosophy. First, the complex challenges of modern diplomacy and international relations require more flexibility in the use of diplomatic skills and talents. Second, the Foteign Service must deal with the fact that almost all governmental activities and many ptivate activities now have international components. Third, the unique demands of U.S. foreign policy and the fundamentally different conditions of service required for its conduct demand a specially organized, trained, and disciplined group of professionals who are willing to accept burdens and risks unknown to any other professional group. Fourth, the Foreign Service cone system must be made more flexible to deal with the new realities of diplomatic operations. Fifth, Foreign Service operations need to recognize the recent changes in American family life. And, last, regardless of parent agency, members of the Foreign Service must work as a unit when the issue or problem requires it. Fragmentation among agencies in Washington jeopardizes U.S. policies and imperils the country team concept overseas.

The centerpiece of the Foreign Service Act is a group of provisions that reflect these assumptions. If implemented imaginatively, they will produce a dynamic, flexible, and effective Service. These provisions include those on cateet development and training, the Seniot Foreign Service, allowances and benefits, and compatibility among the foreign affaits agencies.

Of these, the most vital are contained in Chaptet 7, which governs career development, training and orientation, and the opetations of the Foreign Setvice Institute. The Institute's new ptogtams will combine core professional training to develop substantive and management skills and expertise, with specialized ttaining in a variety of fields to develop mastery of new areas of foreign policy. The lattet should include areas such as science and technology,

(Continued on page 28.)

Management

Implementation has been slow and painful, but it is worth doing carefully and well

The first year's effort in implementing the Foreign Service Act of 1980 has produced a blizzard of draft regulations and personnel actions affecting, directly or indirectly, every member of the Service. It has proven to be a slow and sometimes painful process. We are convinced, however, that it is worth doing carefully and well, since we are laying the foundations for a house in which we all will have to live for some time to come. In fact, implementation has been one of the foreign affairs agencies' principal management concerns during the past year.

We have come a long way since the act took effect on February 15, 1981, and this is nowhere more evident than in the first annual progress report recently filed with the Congress in accordance with Section 2402. Although much remains to be done before we can claim that implementation has been completed, the list of what has been accomplished in the first year is a long one.

The first *Report to Congress on Implementation of the Foreign Service Act* summarizes the basic structural steps which have been taken, underlines the effort to ensure maximum compatibility among the foreign affairs agencies, outlines the transitional actions completed and under way, and projects our anticipated recruitment, attrition, and promotion over the next five years. This article draws on the *Report* to summarize the major steps already taken. Because of space limitations, it will not attempt to cover the complex statistical projections included in the *Report* itself, though these will be incorporated in a more extended article planned for inclusion in a forthcoming issue of *State* magazine.

The *Report* notes in its opening section that required presidential actions under the new statute have been taken in four executive orders. Three orders issued in 1980 and 1981 establish the new Foreign Service pay schedule; ensure that existing executive orders conform to provisions of the new act; and implement a number of miscellaneous provisions in the act including establishment of titles and salary levels for the Senior Foreign Service. The final executive order, recently issued, provides for establishment and operation of the Board of the Foreign Service, which under the act transfers to other organizations its previous responsibilities for separation appeals and the resolution of labor-management impasse disputes.

In addition to the new Board of the Foreign Service, several other bodies were created or modified by the 1980 act. The Board of Examiners of the Foreign Service, for

(Continued on page 29.)

AFSA

Five-agency, two-union negotiations have been frustrating and disappointing

After three years of consultations, hearings, and research, Congress passed the new Foreign Service Act, beginning the long process of implementation. Congress provided new benefits for the men and women of the foreign affairs agencies, but they were provided so that the Foreign Service could be more responsive to the demands made upon it—not simply to add more perquisites to the supposedly already easy life of those who serve their country at missions abroad. Along with these benefits came a reorganization of the Service, including a mechanism to regulate the trade-off between job tenure at the senior levels and promotion opportunities for mid-career junior personnel, the provision of performance pay to circumvent the pay cap for those in the potentially riskier Senior Foreign Service, and application of selection out to the Staff Corps.

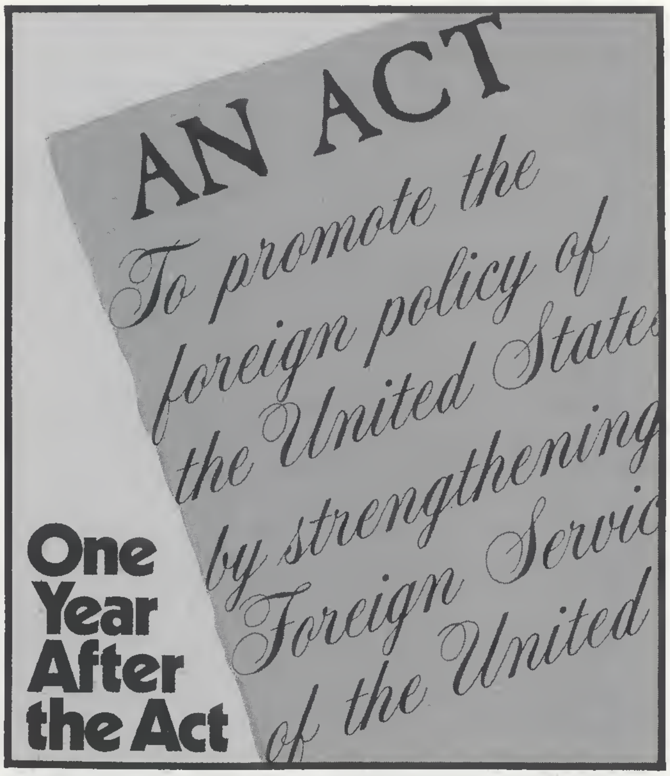
To those of us in AFSA and, we believe, the congressional committees who worked so hard and so long to produce the best possible law, the act was a package—with new benefits balancing new risks and responsibilities—designed to restructure the Foreign Service in light of modern conditions and needs.

For the Association, the last 12 months have been particularly frustrating and disillusioning. A year ago we approached the implementation of the provisions of the act imbued with a sense of accomplishment and a feeling that Congress had recognized the special problems and needs of the Foreign Service and had gone a long way toward meeting them. We felt that the easier and more satisfying part of the job was ahead of us—negotiating the implementation of the legislation intended by Congress to achieve:

- a career Foreign Service characterized by excellence and professionalism, representative of the American people, and operated on the basis of merit principles;
- a more efficient, economic, and equitable personnel administration and more effective and flexible management;
- mitigation of the special impact of hardships, disruptions, and other conditions of service abroad; and
- maximum compatibility among the five foreign affairs agencies.

While there had been—and still is—controversy over certain provisions of the act, no one had disagreed with the basic overall objectives. If the implementation were to go well, the Foreign Service community would be strengthened and the American government and people well

(Continued on page 31.)



Congress: "The main purpose of the act was to develop a Foreign Service structure that could meet the challenges of the next century."

Management: "Implementation of the act has been one of the foreign affairs agencies' principal management concerns during the past year."

AFSA: "The act was a package — with new benefits balancing new risks and responsibilities — designed to restructure the Foreign Service in light of modern conditions and needs."

Congress

(Continued from page 26.)

energy, multilateral diplomacy, systems analysis, economics and trade, and international communications and information. For Foreign Service personnel whose training in the past has fallen short, the development of functional and management training, including language training, is vital to permit effective career patterns. Meanwhile, to reflect the changes in American society, provisions will be made for orientation, language training, and job training to help family members function effectively abroad, whether employed or not.

For the Foreign Service member, the goal of career development should be effective use of his or her expertise. It should prepare that individual for challenges that may not have been anticipated when the career path was chosen. To this end, specialized training at the Foreign Service Institute is helpful and desirable. Equally important, however, are the use of the act's Chapter 5 authorities to assign members of the Service outside their parent agencies or Washington, the creative use of out-of-cone assignments, the use of Chapter 7 authorities that permit training at outside institutions at agency expense, and the providing of university degree credit where possible.

One problem with career development, however, is the method of recruitment. Under the present system, the Foreign Service examination does not test for the talents and skills actually used in the Foreign Service. It focuses almost exclusively on analytical skills, without testing for those needed for the technical and managerial positions in the Service. It is easier to take an individual with commercial experience and train him or her for the Foreign Service than it is to train an individual with little or no experience to be a commercial officer. The same holds true for budget and fiscal experts, personnel experts, communications and security officers, and many others. Indeed, even political officers will need some specialized training if they are to analyze technological trends, communications issues, etc.

Changes should be made to accomplish this type of recruitment. The lateral entry and excursion tour programs should be used more creatively, and more attention should be given to permitting personnel to change career ladders within the Foreign Service and Civil Service systems. To some Foreign Service members, this may sound like heresy, since entry into the Service has traditionally been by examination. Nonetheless, unless the Foreign Service is willing to meet the new challenges of foreign policy creatively, the problems that have plagued the Service in the past will destroy it in the future.

Also vital to career development is the use of out-of-cone assignments. If cones are used as straitjackets, to confine an individual's skills and expertise, or to restrict groups of senior jobs, the Foreign Service as a whole will be the loser. In a promotion system, competition within cones may be easier to accommodate than competition within ranks without regard to functional categories, but both are now used in the Service. Changing tradition is never easy, but if, as many believe, the survival of the Service depends upon it, changes must be made.

The culmination of successful career development is entry into the Senior Foreign Service. Though the act created the SFS and requires development of substantive and management skills and expertise to help reach it, the criteria for entry into the senior ranks have not yet been developed. This adds to the uncertainty that a new system inherently produces. The act seeks to encourage senior officers to achieve high levels of performance through increased opportunities to serve in positions of high trust and responsibility, increased competition, rapid advancement to the senior ranks, and the opportunity for extended service so long as standards of excellence are maintained. The act conceived of the SFS as a means to ensure that only the most capable individuals are promoted into the higher ranks through the creation of a new, rigorous senior threshold performance review process. Entrance into and promotion and retention within the SFS is intended to be governed by selection boards in the same manner as in the Foreign Service as a whole. Those not promoted would thus receive early warning, giving them time to make other plans. But until the new performance review process is developed, members of the Service have no way of judging whether the Senior Foreign Service will be the dynamic corps it was envisioned to be.

In addition to an effective career development program, a barometer of the vitality of any institution is its system of rewarding exceptional performance and its ability to support performance of duties. The system of incentives, allowances, and benefits provided under the act is intended to provide these rewards and overall support equitably, yet they must be adequately funded and applied within the Service and among the agencies.

Ultimately, all the benefits, employee policies, and programs discussed above will be tied together in a united system comprising all five foreign affairs agencies. The act's requirements in Sections 203–205 for maximum compatibility among the administrative agencies of the Service were not only designed to promote efficiency. Implemented effectively, these provisions will promote the flexibility necessary to the work of the Service by removing bureaucratic obstacles. Especially overseas, they will also prevent the fragmentation that hurts implementation of policy.

In the final analysis, only if the Foreign Services's purposes, functions, and needs are viewed as a whole, and the necessary changes made imaginatively, will the Foreign Service Act of 1980 pave the way for fundamental changes in the Service and the foreign affairs agencies. For instance, the Foreign Service Institute cannot develop training courses in the absence of a joint management-labor vision of what career development patterns should be. Junior and midcareer development patterns cannot be drawn in the absence of a known model for the character and operation of the Senior Foreign Service. Finally, the most beautifully designed career pattern is meaningless if the morale of the individual employee is neglected because of an uncertain system of allowances and benefits and the lack of effective and consolidated administration among the Service's parent agencies. The Foreign Service of the next century will only be a dynamic reality when the myriad pieces of the jigsaw puzzle designed by the Foreign Service Act of 1980 are finally fitted together.

—Virginia M. Schlundt

Virginia M. Schlundt is staff director of the House Committee on Foreign Affairs' Subcommittee on International Operations. She was the principal aide to committee chairman Rep. Dante B. Fascell (D-Fla.), who was floor manager of the bill that became the Foreign Service Act of 1980.

Management

(Continued from page 27.)

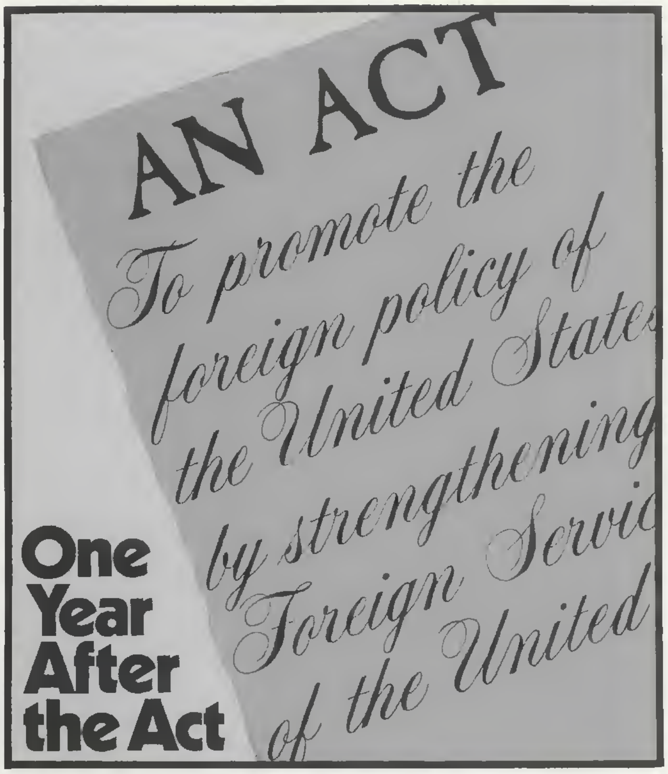
example, was expanded to include public members with knowledge, experience, or training in the fields of testing or equal employment opportunity. The reconstructed board has already held three meetings and submitted its first annual report to the secretary of state on the Foreign Service examination. Similarly, the Foreign Service Grievance Board has been reconstituted under the revised statutory authority contained in Chapter 11 of the act. Its primary functions continue unchanged, but it has acquired new responsibilities such as hearing appeals in separation cases and in labor-management implementation disputes.

Also in the field of labor-management relations, both the Foreign Service Labor Relations Board and the Foreign Service Impasse Disputes Panel have been constituted within the Federal Labor Relations Authority. The FSLRB has already dealt with one issue referred to it, while two disputes have been submitted to the Impasse Disputes Panel for resolution.

A great deal of time and energy has been devoted to carrying out the Foreign Service Act mandate for maximum compatibility among the foreign affairs agencies—State, AID, ICA, Commerce, and Agriculture. Preparation of the new act necessitated major revisions in the personnel regulations of all five. Even prior to the effective date of the act, their personnel directors had agreed that implementing regulations would be issued jointly whenever possible, and that an agency would issue separate regulations only when its particular circumstances dictated a different approach. Since that time, the agencies have endeavored to follow this philosophy.

The primary vehicle for accomplishing this purpose has been a series of working groups established to develop common policies and draft regulations on particular topics, such as the Senior Foreign Service or new allowance authorities. There have also been, from time to time, further meetings of the personnel directors and a large volume of informal consultation at all levels. When the process is completed, which will take at least one additional year, we anticipate that a substantially greater proportion of the Foreign Service personnel regulations will be joint among the several agencies than was previously the case.

In addition to building the future structure in terms of organizations and regulations, implementation of the For-



Congress: "Unless the Foreign Service is willing to meet the new challenges, the problems that have plagued it in the past will destroy it in the future."

Management: "A great deal of energy has been devoted to carrying out the act's mandate for maximum compatibility among the foreign affairs agencies."

AFSA: "This unique negotiating procedure has frustrated the substantive goal of achieving improved regulations in a timely fashion."

eign Service Act has also required close attention to transitional problems immediately affecting a large number of State Department employees. The most urgent of these have involved conversion of members of the Service from one personnel category to another. These have included conversion to the Senior Foreign Service of senior officers available for world-wide service, if they so request; conversion to the new specialist category (and the accompanying Foreign Service pay schedule) of world-wide-available Foreign Service reserve officers below the senior level and of members of the Foreign Service Staff Corps; conversion to the new Foreign Service schedule of FSOs below the senior level; conversion to the Civil Service personnel system of domestic FSRs, FSRUs, and FSSs not available or needed for world-wide service; and conversion to the appropriate world-wide Foreign Service category of certain individuals from the Civil Service.

Under provisions of the act, this conversion process will in fact require three years to complete, since affected individuals in some categories have up to three years to accomplish conversion. Nevertheless, the conversion process is well under way, and most of those affected by it have in fact been processed into their new personnel status. The Senior Foreign Service, for example, currently has a total of 1100 members from the five agencies, of whom 703 are on the rolls of the State Department. Only 42 eligible senior FSOs in the department declined conversion and thus retained their previous rank through the three-year transition period. All members of the Foreign Service, other than senior officers, were switched to the new Foreign Service Schedule for pay purposes in October 1980, and in February 1981 were in turn converted automatically (if world-wide available) to the new grade structure and categories.

Under Section 2104 of the act, 471 Foreign Service employees were notified that they were considered to be in domestic status and thus subject to conversion to the Civil Service. Approximately one-fourth of the individuals so notified appealed their designation, seeking to remain in the Foreign Service. About one-fourth of those who appealed, or roughly six percent of the total group, were successful in winning retention in the Foreign Service as a result of the deliberations of the department's Appeals Committee. Of the balance of those identified for conversion to the Civil Service, approximately 15 percent have already converted to GS or SES appointments while the remainder are deferring conversion, as the law permits them to do. Finally, the *Report to Congress* includes five-year projections of attrition, recruitment, and promotion. Such projections have been standard management tools in the State Department for some time as an element of flow-through planning, but these have now been made mandatory under the act and must henceforth be included in the department's annual report on implementation.

The purpose of flow-through planning is to ensure that management policies provide for a predictable flow of talent into and through the Foreign Service personnel system. Through this effort management seeks to balance projected needs and projected employment. To develop the assessment on which this balance is based, both internal and external factors are defined which will influence attrition, recruitment, promotions, and other variables. Based on these factors, management can then calculate the number of employees required in each skill group and each class. These calculations result in a set of options used to create yearly management plans which, in turn, are then subject to regular reassessment as conditions change.

The calculations required this year have been made more complex by the introduction of limited career extensions for certain categories of career members of the Foreign Service whose time-in-class is due to expire. The number of such extensions will be determined annually by management to meet Foreign Service needs and to permit predictable promotion flows, and will be granted on the basis of rank ordering by the Selection Boards. Extensions will be used to ensure an appropriate balance between rates of attrition and retention of skilled members of the Service. Within this balance, we expect that a substantial number of limited career extensions can be granted in 1983—when the first group of members of the Service subject to the new shorter time-in-class will be considered for them—and in subsequent years. When significant annual variations in extension opportunities are anticipated, averages will be employed to ensure, insofar as possible, a regular annual level of mandatory retirement. Detailed regulations covering extensions are among those still remaining to be developed.

—Andrew L. Steigman

Andrew L. Steigman is deputy assistant secretary of state for personnel. A career Foreign Service officer since 1958, his most recent overseas assignment was as ambassador to Gabon from 1975–77. In 1980 he was named director of the Office of Foreign Service Career Development and Assignments. He was appointed to his present post in April 1981.

AFSA

(Continued from page 27.)

served. But the implementation has so far not gone well at all.

From the first day of negotiations there have been problems.

First, hardly any of the draft regulations implementing the act were in a form ready to be presented to the unions for negotiations. This was at least in part because the new administration wanted to review recent legislation before proceeding.

Second, the foreign affairs agencies themselves seemed to have trouble reaching a common position. All five were headed by new managers who had different ideas of changes they wanted to make in the organizations they were taking over and, therefore, different interpretations of the provisions of the act.

Third, for the new administration, this was the "year of the budget." Rather than looking at the bill as the package it was intended to be, management has tried to cut costs whenever possible and attempted to negotiate restrictive regulations on the incentive side of the act, which would result in uneven implementation, contrary, we believe, to the intent of Congress.

Last, perhaps the biggest problem has been the negotiating process itself. To meet the objective of "maximum compatibility among foreign affairs agencies," a majority of the regulations are joint, requiring five-agency, two-union negotiations. (AID, State, ICA, Commerce, and Agriculture are the agencies; AFSA represents AID and State, and the American Federation of Government Employees represents ICA.) These five-agency, two-union negotiations are proving to be cumbersome, unbelievably slow, and perilously close to unworkable.

While the unions have presented a united front and attempted to be cooperative, it appears that the real difficulty has been in five agencies' reaching an agreed position. Once a position has finally been reached, the tendency is to attempt to ram it down the unions' throats, since the alternative is clearance of any counterproposal through each agency again. While the chief negotiators for AFSA and AFGE have wide authority, the lack of authority of the management team has greatly handicapped these negotiations.

The unions, however, don't have such a problem. The State and AID negotiators are members of the AFSA Governing Board. AFGE's negotiator is the president of AFGE Local 1812. The union decision-makers are there. They get along, they have their instructions, they know what they want. They can usually formulate counterproposals swiftly—the record so far is 10 minutes. In short, the unions' representatives are ready to negotiate and expect the same from the other side of the table. With a few exceptions, these expectations have not been met. Even to formulate a common initial position seems to take the five agencies an inordinate amount of time.

For example, a year after the act became effective, the agencies were still arguing about "incentive pay" and what proposal should be submitted for negotiation. AFSA and AFGE submitted a joint proposal to try to force the subject to the bargaining table. So far, no luck. The unions could file an unfair labor practice charge, but this would delay things another few months. We have only recently received management's proposed Standardized Regulations on Special Incentive Differential (SID). These define the limits under which the implementing regulations can be negotiated. The standardized regulations themselves are not negotiable, and on SID and "danger pay" management has used this non-negotiability to restrict severely the benefits that *are* negotiable. In other words, the intent of the act has been unilaterally interpreted by management in a manner that gives us much less than we feel was intended by Congress.

"Advance of pay" is another example. AFSA is not stupid! We don't like irate members; we want to get needed benefits as soon as possible. But at what price? We had submitted proposal after proposal on advance of pay. When agreement could not be reached, we tried mediation. We sat in one room trying to find a formula everyone could buy while management sat in another room saying "no" to each proposal. The issue had to go to the Federal Labor Relations

Authority's Foreign Service Impasse Disputes Panel. Why? Basically because the management of one of the agencies was afraid employees would "misuse" this benefit Congress wanted the Foreign Service to have. Finally, the impasse panel recommended that AFSA's recommendation be accepted. Management agreed, and the new regulations should be out by the time you read this.

The Association has been told that these five-agency, two-union negotiations are unique in federal labor-management history. We sincerely hope no one else is subjected to this process. Soon Congress will be holding hearings on the progress of the implementation of the Foreign Service Act, and the Association will testify. It will be interesting to hear how Congress feels about this unique negotiating procedure, which has frustrated the substantive goal of achieving improved regulations in a timely fashion.

AFSA's chief negotiator has described the last year as not only frustrating but disappointing. And we are beginning to fear that far from achieving the healthy and efficient compatibility among the agencies that is called for in the act, we are ending up in many cases with a sort of lowest-common-denominator blandness that offends no one, changes little, and is principally cosmetic in nature.

—The AFSA Governing Board

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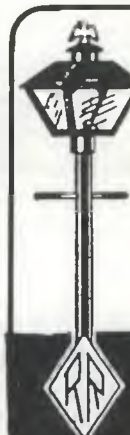

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THE JOURNAL

An Unusual

When the rumpled man appealed for a non-immigrant visa, somehow the consul found he couldn't refuse

By K. STEVEN HALTER

"Let me get this straight, Bob," the consul said as he sat at his desk. Outside, in the waiting room, he could hear the constant murmur of the more than one hundred applicants for non-immigrant visas who had made their way from the line outside the embassy gates to the line outside the consulate doors and were now awaiting interviews. "You're saying this minister threatened you?"

"Well, not exactly threatened, sir, and he's not a real minister, but a self-ordained one in his own church. He said, more or less, that God would be angry with us if he weren't allowed to go to Miami to see his sick brother."

"His brother is probably in Miami illegally, this application shows he barely takes in enough from his congregation to take care of himself, and he is *not* going to get a visa. I trust you at least told him 'no visa.' " The consul tossed back the application.

K. Steven Halter is staff assistant to the deputy assistant secretary for operations in the bureau of administration. He entered the Foreign Service in 1976 and served briefly on the non-immigrant line in Bogotá, where he was the personnel officer. He disclaims any responsibility for the weather in Miami on August 4, 1978.

"Yes, sir, but well, it's just a funny feeling I have about him. He's not like an ordinary applicant."

"When you're interviewing a hundred applicants a day, Bob, you don't have time to worry about one who seems a little strange. Just go out and do your best. I know this is still pretty new to you, but believe me, this character is mild compared to some of the ones I used to interview at my first post."

"Fine, sir," the vice-consul said. "I suppose it is a little silly, but he has an air of conviction. . . . I'll be sure to finish interviewing by four o'clock," he added hastily, seeing the consul begin to frown. "Anyway, Mondays are always the worst." He closed the office door behind him.

Inexplicable Troubles

Friday turned out to be pretty bad too. That morning the country team meeting had not gone well. Instead of the usual brief conversation after the ambassador finished a discussion of political and economic problems with the officers responsible for those areas, the consul had to try to explain the delay in issuing visas to close relatives of the deputy foreign minister, the brother of the minister of the interior and, worst of all, the vice-president's sister, who wanted to take her youngest son to Disney World for his birthday. The consul's explanation that chronic electrical failures, malfunctioning visa machines, and a virus affecting nearly all of his national staff had slowed the entire visa operation to a near stop had not made any impression on the ambassador's well-known impatience with delays. His "For God's sake, Harvey, can't you do *anything?*" still rang in the consul's ears as he sank back in his chair. It could have been worse, he thought. I'd still be up there if Ben Burgess hadn't had to explain why the commissary was down to only two bottles of scotch with no shipment expected for a month.

"Has anything been fixed, Bob?" he asked when the vice-consul entered his office.

"It's really strange, sir, nothing was working until about five minutes ago. Then the electricity came back on right after the electrician said he couldn't figure out what was wrong. After that I turned around and saw four of our sick staff members coming in the door. They said they were feeling better and wanted to get back to work to help get rid of the backlog. All this at almost exactly the same time I began talking to Señor Jesus."

"Señor who?"

"That minister I mentioned to you last Monday, sir. His name is Jesus Esteban Sanchez Urillo, but he calls himself Señor Jesus. He came back to reapply for a visa. I told him he needed more documentation. He's going to get a letter from his brother in Miami."

"Good Lord, Bob, that's ridiculous. No matter what his brother writes, this minister, or whatever you want to call him, doesn't qualify for a visa."

"I know, sir, but . . . the electricity is working, the visa machines are okay, our staff is feeling better and, why take chances? I can always turn him down when he comes back with the letter."

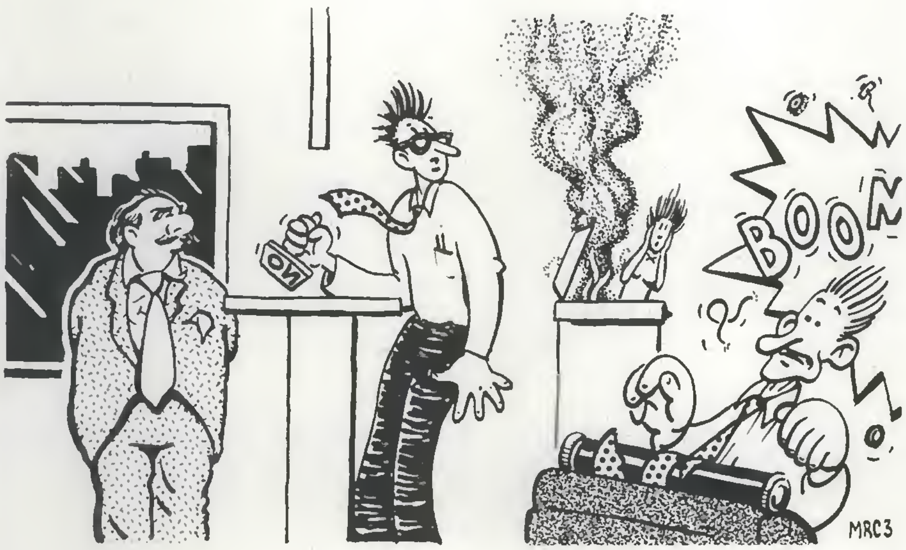
"Bob, do you *really* believe this man had something to do with all our problems?"

"I don't know what to think, sir, but he's so convincing that——"

"All right, Bob, next time, *I'll* talk to him."

The consul was smiling as he entered his office on Monday morning. The backlog had been cleared by a full day of staff overtime on Saturday. And, for the first time in months, no American citizens with "emergency" problems had called or visited the consulate on the weekend. Last Wednes-

Applicant



day had been enough, he shuddered, remembering three citizens in three different jails, five stolen passport cases, and eight members of a touring church group from South Succotash, Oregon, hospitalized with *las touristas,* caught from dining at a small restaurant which one victim had described as "so quaint and lovable."

"Señor Jesus is here, sir," announced the vice-consul as he opened the door. "You said you wanted to talk to him."

"Yes, yes." The consul felt his mood deflate like a punctured balloon. "Send him in."

"Good day, Señor Consul," said the diminutive man in heavily accented English. He was no more than five feet high and wore an old blue suit with a faded tie and a frayed, but clean white shirt about two sizes too large for him. "I have here a letter from my brother in Miami which tells how sick he is and how I can stay with him and be of no trouble to President Reagan or the governor or——"

"Of course, Señor Jesus, please let me see the letter." The consul could barely read the penciled scrawl on the cheap lined paper, but he could almost recite it without looking. "Legal resident with green card . . . my brother can stay with my family in our apartment . . . my wife has a good job . . . need my brother here."

"I wish to assure the consul that I will return as soon as I can. My flock here needs me. It is slowly growing and I would not leave except for my brother's sickness." His eyes seemed almost to glow.

"I wish I could issue a visa," the consul began. As a frown began to show on the applicant's face, the consul heard loud cries of consternation outside his office. "Excuse me just a moment, please," he said as he rushed to the door. "What's going on, Bob?" he asked the rather stunned-looking vice-consul.

"Everything stopped all at once, sir. The visa machines quit, then the electricity went out, and now Señorita Amaya says she's starting to feel sick again. I don't understand it."

"Just keep things quiet." The consul dashed back through the door. The hell with it, he thought, as he faced Señor Jesus. "As I was saying, señor, there are times when rules have to be bent a little and this is one of those times. We'll have your visa ready in just a few minutes."

"How kind is the consul," beamed the minister. "You will be remembered in my prayers. You and everyone in this embassy."

That evening the consul told his wife about the day's events over one, then two martinis. "Harvey, you can't be serious," she giggled. "Really, just because of a few coincidences."

"That's what I would have said last week. But look at today. The minute he left with his visa, all the power came back, Miss Amaya began to feel better, and the only employee who was still out with that virus called in to say he'd be back in tomorrow. I know it sounds silly, but I swear that man has an aura of some type about him. It reminds me of my first post when—"

"Of course, dear," his wife said. "Here, have another martini. By the way, did you hear that they found six cases of scotch in the commissary? They'd been misplaced behind the cartons of disposable diapers."

Two days later the vice-consul rushed into the consul's office. "Sorry to interrupt, sir, but Señor Jesus is back and he's asking for your help."

"My help? Why?"

"When he got off the plane in Miami, the INS wouldn't let him stay in the country. They said he never should have received a visa and he didn't qualify for entry. He's quite angry—but at them, not us. He wants you to make the INS let him enter the country to see his brother."

"Well, we've done all we can. I'll just tell him there's nothing else we can do. As long as he doesn't blame us." The consul started to wave off the vice-consul, but then his face turned pale as he caught the headline on the newspaper his secretary had just placed on his desk. "On second thought, Bob, ask him to wait for just a minute. I'm going to call INS in Miami and ask for a favor."

"Fine, sir, but why the change of heart?"

"Oh, no special reason." The color was very slowly coming back to the consul's face, but his hand shook slightly as he picked up the telephone. The headline in the newspaper seemed to increase in size as he read it again: "LARGEST HURRICANE IN 50 YEARS NEARS MIAMI." □

FOREIGN SERVICE PEOPLE

Deaths

WALTER H. DUSTMAN, former president of Foreign Service Research, Inc., and a member of the Army and the Foreign Service for 32 years, died of cancer January 29 in Biloxi, Mississippi. He was 69 years old.

Born in New Orleans, Louisiana, Dustman was a baccalaureate graduate of Tulane University, where he was active in campus journalism. He began his career in McComb, Mississippi, as editor of the *Daily Journal*, then became a reporter and bureau manager in various cities for United Press. During World War II he became a Pentagon staff officer in Army intelligence and held several subsequent posts in Army administration and public information.

His diplomatic career included tours in Washington as a press, political, and intelligence officer at the Department, and a variety of posts in Santiago, Quito, Panama City, Guatemala City, Mexico City, San Salvador, and Antofagasta.

Dustman is survived by his wife, Elizabeth, a son, Walter H. III, a daughter, who is now Mrs. Loyd T. Hardin Jr., and a grandson. Besides his membership in AFSA, he was a member of DACOR, the National Retired Military Officers' Association, the Broadwater Country Club, and the Gulf Hills and Keesler Officers Clubs.

HENRY M. STOKES, a former Agency for International Development official, died December 14, 1981, in Hanover, Pennsylvania. He is survived by his wife.

SEYHULLAH TURAN, an adviser to U.S. ambassadors in Turkey for the past thirty years, died at his home in Washington on February 14, 1982, of cancer. Turan, 64, also served as a consultant at the Turkish Embassy in Washington after his retirement from the U.S. Embassy in Ankara in 1977. Born in Siberia, where his family lived temporarily after fleeing from their home in Kazan because of the Russian Revolution, Turan grew up in Tiensin, China. His family moved to Turkey when he was 18, and after Turan graduated from Istanbul University he became a teacher at Robert College on the Bosphorus. In 1946, Seyhullah Turan became the senior political advisor at the American Embassy in Ankara and remained there for over 30 years working closely with a succession of U.S. ambassadors toward a strong Turkish-American relationship.

He is survived by his wife, Sakine Turan, his son Ali Turan and daughter Naile Damali, both of Ankara, and a sister, Tagera Rockwell of Enterprise, West Virginia. Expressions of sympathy may be made as contributions to the Georgetown Cancer Home Care Center, c/o Vincent P. Lombardi Cancer Center, Georgetown University, Washington, D.C. 20007.

DOROTHY HALVORSEN WHITE, wife of former Foreign Service officer Ivan B. White, died on January 18. She was 72.

"Dotti," as she was known to her friends, accompanied her family to Foreign Service assignments in Mexico City, Yokohama, Rio de Janeiro, Paris, Trieste, Madrid, Tel Aviv, the West Indies, Toronto, and Ottawa. She is survived by her husband and three daughters.

CORRECTION: The name of ROB LEE BERRETT, regional controller for Central America in AID, who was killed at the age of 49 in December in Guatemala City, Guatemala, was misspelled in the March issue. In addition, his obituary should have stated that contributions in his memory may be made to the AFSA Scholarship Fund.

Marriage

RUSSELL DIXON KIMBALL, son of Frank B. Kimball, AID/Dacca, was married to Olga Louise Georgiou on January 29, in Rockville, Maryland.

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